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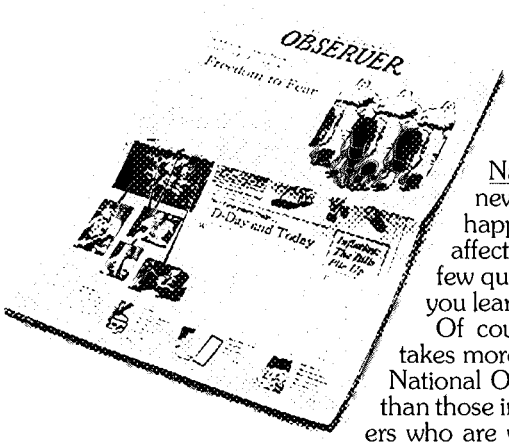

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VOLUME SIX NUMBER TEN
DECEMBER 1974

Wilbur Mills: The Ways and Means of Conning the Press
by Walter Shapiro
Reporters were so impressed with Robert McNamara's technical ability they didn't notice his planes couldn't fly. How the "cult of the pro" also kept journalists from seeing how much Wilbur Mills resembled Bobby Baker. 4

TIDBITS AND OUTRAGES 16

Government Unions: The New Bullies on the Block
by Thomas Redburn
With their votes, their money, and their resistance to external evaluation, government workers can be the most powerful—and most dangerous—force in the labor movement. 19

A Day in the Life of a Government Executive
Where did you go? Out. What did you do? Nothing. 28

P-38, Where Are You?
by William D. White
You think sugar prices are bad, the cost of tactical aircraft has increased one-hundred-fold since World War II. 35

The Man Who Nailed Gordon Liddy
by Arthur Levine
How Henry Petersen mercilessly pursued the Mr. Big of Watergate. 40

MEANWHILE, BACK AT THE STATEHOUSE:

Racetracks, Banks, and Liquor Stores
by Thomas B. Edsall
Entrées for the Big Boys. 49

Wheelchairs, Casework, and Bi-Lingual Education
by James Fallows
Leftovers for the reformers. 57

POLITICAL BOOK NOTES 62

MEMO OF THE MONTH 44

THE POLITICAL PUZZLE 56

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Wilbur Mills: The Ways and Means of Conning the Press

by Walter Shapiro

Until the now-famous Tidal Basin incident, Wilbur Mills had been treated more gingerly by the press than almost anyone else in Washington. Over the last 15 years Mills was consistently described as "the second most powerful man in Washington," but he was somehow never held accountable for the results of his use of this power. *The New York Times* would praise him editorially for sponsoring "every major law on... tax reform, foreign trade, Social Security and health insurance," but would neglect to mention that our tax system continues to be notoriously unfair, our foreign trade legislation has done little to help our balance of payments, Social Security continues to be one of our most regressive taxes, and Medicare has turned out to be as much of a bonanza for the medical profession as it is for the elderly.

Walter Shapiro is an editor of The Washington Monthly.

Shortly before the Tidal Basin incident, *The New Republic* noted accurately that during the 1972 presidential race, "dollar for dollar, the Mills' campaign may have been the most corruptly financed of them all." While less than two per cent of the $50 million raised by the Committee to Re-elect the President has resulted in criminal indictments, about 15 per cent of the $700,000 raised on Mills' behalf has been proven to be illegal corporate gifts. A significant portion of the sordid details about these contributions was on the public record by the end of 1972. Moreover, in June 1973, *The Wall Street Journal* reported that Mills, at the behest of a lobbyist who had contributed heavily to his campaign, intervened with the Internal Revenue Service "to stop massive tax investigations of several big shoe companies." Although the front page article by David McClintock estimated that the decision cost the public $100 million in uncollected

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taxes, the story was never picked up by any other major paper.

In fact, until very recently, virtually no unflattering material had been incorporated in the published portraits of Mills. Typical is a profile written by Richard Lyons in *The Washington Post* in July 1973, just one month after *The Wall Street Journal* story appeared. A few lines are all that are needed to give its flavor: "He is a towering figure. . . [who] has dominated the committee and the House with his detailed knowledge of the complex issues he handles. . . . The power of Wilbur Mills is something that goes beyond his formal role as committee chairman, and something that defies easy definition. It is something in the personality of the man, his calm self-assurance, his firm command of the committee that handles the critical issues that touch all Americans, a feeling that if Mills says the bill is a good one, then it is."

Even when Mills was mildly criticized in March of this year for predicting that Richard Nixon would resign over his unpaid back taxes, *The New York Times* took pains to stress that he was a "widely trusted. . . man of judgment and discretion" and *The Baltimore Sun* referred several times to his "general prestige." Even after the Tidal Basin incident, *The Washington Post* was the only paper to report that in 1973 Mills had spent $1,700 in cash one night at a local strip joint and was now in the habit of dropping between $100 to $400 there in an evening. But even the *Post* buried this suggestive anecdote on its inside pages and left it to people like David Brinkley or Richard Reeves of *New York* magazine to speculate aloud about where the man who writes all our tax laws was getting so much cash.

Now that Mills has been bloodied by his involvement with an exotic dancer and a subsequent close reelection fight, it is probable that the press

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WAYS AND MEANS

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will adopt a certain belated vigilance about his activities. Circumstances having declared that Mills is fair game, investigative reporters will be ordered to probe his every action as Ways and Means chairman. Meanwhile, all the profiles will be updated to give us poignant accounts of Mills clinging desperately to the remnants of congressional power, like Johnny Unitas trying to struggle through one last football season. But before the press really turns its fire on Mills, it might be instructive to examine the way Mills has been covered in the past and try to understand why our leading journalists have so often steered us wrong about the character of public officials.

Fawning Over Big John

Wilbur Mills is far from an isolated example of a reputation inflated to embarrassing proportions. In addition to those now tarred by Watergate, there are figures like John Connally, who for a period in 1971 was lionized by the Washington press corps. This near-canonization occurred even though Connally's record of catering to special interests while governor of Texas had been exceedingly well-documented before he came to Washington. (To cite just one example, while he was governor, Connally received William Ronan-sized fees from the estate of oilman Sid Richardson.) The enthusiastic reception which Connally received provoked Molly Ivins of *The Texas Observer* to complain, "When he went up to Washington I was sure that the national press would knock him down to size; instead they embraced him." A perfect example is from a column Joseph Kraft wrote right after Connally became Secretary of the Treasury: "It must be understood that Connally is one of the most able and effective men in American politics. He is a born leader, intelligent in his analysis of problems, full of poise and public presence and with great force. . . . He is in close touch with the impressive young man sure to lead the Texas delegation at the convention in 1972—Lt. Governor Ben Barnes." Columns like this make you wonder about Kraft's ability to make character assessments since Connally was subsequently indicted and Barnes so totally discredited that he was denied renomination in 1972.

It can be argued that no role played by the press is more important than that of illuminating the character of public officials. The canons of objective journalism insure that newspapers and television are full of stories which begin, "Wilbur Mills, the chairman of the powerful Ways and Means Committee, announced yesterday that. . . ." For the intelligent reader to evaluate news like this he needs to have some sense of what kind of man Wilbur Mills is. That's where columnists like Joseph Kraft come in, and that's what makes the glaring inaccuracy of so many of their judgments such a serious problem. If the public has been led to believe that Mills is a dedicated man whose entire life shines with integrity, the average reader will probably conclude that whatever Mills does is motivated by his concern for the public interest. If, however, the reader has been given an impression that many of Mills' dealings are shady, he is likely to look skeptically at a Mills statement and wonder, "What's his angle?" In the 17 years since Mills took over as chairman of the House Ways and Means Committee, there have been too few hints in the press that this sort of skepticism would be justified.

The *Time* Machine

In tracing the development of Wilbur Mills' image, it is important to recognize how early the picture of Mills, the legislative genius, hardened into something resembling granite. As early as 1963, a *Time* cover story stressed all the appropriate statesman-like themes. Mills' reputation was not created by the wordsmiths at *Time*; rather, this cover story serves as a

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convenient benchmark in charting the public's awareness of the "quiet, courteous Congressman from a backwoods town in Arkansas." *Time* stressed Mills' superior ability ("he is beyond dispute Congress' leading authority on taxation. His grasp of its intricacies often astonishes expert witnesses who appear before his committee") and his dedication ("When he goes home in the evening he carries a load of reading matter on taxes. . . . he has almost no diversions, he has never taken a vacation trip"). Another important theme—especially relevant to the continuing tolerance of Mills by liberals—is that he is not your typical Southern committee chairman ("Mills does not wear. . . [a] label. . . . He usually votes for New Frontier bills on the floor of the House"). Add to the mix the image of Wilbur Mills, simple rustic ("his Arkansas residence is a little one-bathroom house that might be the home of a factory hand"). And last—and perhaps most important—Mills, the closet reformer: "For years he has cherished the grand ambition of drastically reforming the nation's tax structure—and the beginning of that task is at hand." With a different President's name thrown in and a few updated anecdotes, the same profile (down to the description of that little one-bathroom Arkansas residence) could have appeared in *The Washington Post* or *The New York Times* in 1971. But perhaps the worst excess of the cult of Wilbur Mills was in 1968 when *Fortune* rhapsodically called him "a kind of de Gaulle of the Ozarks."

One reason for this kind of stereotypical coverage is the clip-file mentality of much of the press. But the roots of the problem go much deeper than this. An important element in understanding the aura which surrounded Mills for so long is the ease with which the Washington press corps is seduced by the cult of the "pro." As Robert Caro points out in *The Power Broker*, an important element in Robert Moses' stranglehold

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on New York for 40 years was the degree to which reporters were awed by his mastery of the details of state government. A more recent example is provided by the early years of Robert McNamara's tenure as Secretary of Defense. For a long time the national press was so captivated by his "whiz kids" and so impressed by his "systems analysis" vocabulary that they conveniently ignored the fact that the planes he built couldn't fly and that, despite the mass of statistics, we were losing the Vietnam war. In a sense, like Robert Moses, Wilbur Mills is a classic example of the "pro" ethic at work. It is difficult for journalists, who as a breed feel insecure about their knowledge of a technical area like taxation, to challenge the work of a man who is reputed to know long sections of the tax code by heart. That's why it was so easy for columnists like Kraft to write breathlessly that "no other man in this country has [his] mixture of talent, outlook and power. . . ."

The problem with this "pro ethic" in government is that merely knowing the intricacies of the tax code is no guarantee that this knowledge will be used to create a more equitable tax system. Things are quite different in sports, where there is no real distinction between process and end result. A decade ago, no one doubted Sonny Liston's abilities as a prize fighter. The fact that, by all accounts, Liston was not a nice person and that the reason he was a boxer was probably because he enjoyed beating other people to a pulp had little relevance to appreciating his skills as a fighter. But the editorial pages should be different from the sports section, for when it comes to public officials, sheer ability is less important than the ends to which that ability is applied.

A factor which contributed to the development of Mills' statesmanlike image is the ambiguity which surrounds his true beliefs. The Ways and Means Committee chairman has traditionally kept his entire game plan so close to his vest that it has often been virtually impossible to decipher what he is trying to do or—in the case of obscure changes in the tax code—exactly what it is that he has already done. In a sense, being inscrutable has enhanced Mills' image through what might be called the "Dirksen effect." A decade ago, when Everett McKinley Dirksen was Senate Minority Leader, he was generally recognized to be what he was—a colorful rogue. But Dirksen periodically boosted his public image through a succession of dramatic turnabouts on crucial issues like open housing legislation. Although it was apparent that each of these flip-flops was motivated by political expediency, each new Dirksen position was hailed by the columnists as the emergence of the Minority Leader's "statesmanlike" side.

Wilbur Mills, who until very recently no one considered "colorful" and all too few considered a "rogue," has provided the press with a few dramatic turnabouts of his own. On

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issues like Medicare, welfare reform, and revenue-sharing, Mills began by militantly opposing them and ended up as their strongest supporter. These conversions were generally heralded as something like mystic events in which Wilbur Mills, after patiently digesting all the relevant information, came to the conclusion that best served the Republic. Pat Moynihan, in *The Politics of a Guaranteed Income*, expressed the conventional view that Mills' dramatic position shifts represented an almost elemental force beyond the ken of mere mortals: "It is not truly within the powers of social science to account for such a conversion; it happened."

School for Scandal

Asked about the press' record in covering Mills, a conscientious reporter like Eileen Shanahan of *The New York Times* says, "Those of us who covered the Ways and Means Committee always knew certain things about Wilbur Mills. We knew that Dick Riddell and Pat Matthews (lobbyists who represented the shoe industry and the railroads, respectively) could walk into Mills' office day and night. We saw them do it. We also knew that their clients fared quite well with Ways and Means. And we knew that these lobbyists went to Mills for suggestions on which members of the Committee to give campaign contributions to. I knew that Mills was guilty of cronyism. But we didn't know then—and we still don't know now—whether Mills was corrupted by money."

Shanahan's statement illustrates the need for the press to detect some personal corruption in order to take a consistently cynical attitude toward a public figure. It was as if the money motive was all that mattered—either you have evidence of the taking of bribes or the acceptance of illicit campaign contributions or there is no story. Since prior to 1972, Mills had neither a need for campaign cash nor conspicuously spent his money, it was easy to conclude that nothing seriously untoward was happening within the Ways and Means Committee. But the attitude—and here newspaper editors are probably the prime culprits—that you need the actual passing of money before you have a front page story leads to the simple-minded conclusion that everyone has the same monomania as J. Paul Getty. But, just as many do not see the real horror of Nelson Rockefeller's gifts to public officials, there has been no systematic effort to determine whether Mills gave special favors to lobbyists in return for any other currency. Let's assume, for example, that Mills' real goal was power, not money. In that case, Mills would be very indebted to the lobbyists who allowed him to decide which committee members—both Democrats and Republicans—would be given campaign contributions. Although Mills would not receive a penny personally, this arrangement would help him strengthen his control of the Committee, since members would know that if they crossed the chairman, they would be losing an opportunity to pick up some easy campaign cash. Although such "cronyism" may be morally distinct from accepting bribes, as far as the public (which loses each time corporations receive tax breaks) is concerned, the effect is virtually identical. In fact, the public interest would suffer equally if Wilbur Mills were distributing corporate tax reductions out of total altruism, say, from a perverted belief that what's good for General Motors is good for America.

To the credit of reporters like Shanahan, hints of trade-offs like these did appear periodically in the press. But rather than being treated as front page news, they generally were buried within stories with off-putting headlines like "Tax Reform's Chances." Some suspicion should have been aroused when even lobbyists went around calling the annual modifications of the tax code a "Christmas tree" bill. But the 1973 *Wall Street Journal* article about Mills'

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$100-million favor to the shoe industry stands virtually alone in revealing the ways in which Mills repaid his obligations to committee lobbyists.

Too often what cynicism was applied to the activities of the Ways and Means Committee was directed at interpreting Mills' legislative actions in terms of his own career ambitions. For example, in 1969 Mills' position on tax reform was linked to his then-presumed ambition to be Speaker of the House, and in 1972 his advocacy of a 20-percent increase in Social Security benefits was interpreted as part of his presidential campaign.

Because much of the business of the Ways and Means Committee is highly technical and therefore does not produce the kind of dramatic and easy-to-read news stories that emerge from, say, a bitter Senate fight over the confirmation of a Supreme Court nominee, day-to-day coverage of the Committee has not been that important in forming an image of Wilbur Mills, the super-committee chairman. Here, the work of profile writers, editorialists, and columnists has probably been far more influential. The problem caused by this split between reporters and image-molders is that the left hand within our large papers often does not remember what the right hand has written. Editorialists often fail to pick up the implications written between the lines of articles which have appeared in their own papers. Personality portraits are often sketched by generalists who only half-understand the day-to-day work of the Ways and Means Committee and therefore tend to be heavily influenced by the shape and tone of previous profiles found in the clip files. A further compartmentalization accentuated these difficulties. That was the attitude, prevalent until recently, that the scandals surrounding Mills' 1972 presidential campaign were a political story and not germane to the daily coverage of the Ways and Means Committee. If you followed only the political news in 1973 you would have no idea that Wilbur Mills, the former presidential candidate who was beholden to special interests, had any legislative responsibilities. And if you just read congressional correspondents, you would rarely find hints that the "powerful" Wilbur Mills had even run for President, let alone that he financed his campaign through

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contributions from the corporations his committee was regulating.

Dynamic Duo

"It's a very frustrating experience to cover Wilbur Mills," says Albert Hunt of *The Wall Street Journal*. "He wants to put everything off the record. If you say you won't take it off the record, then he generally won't tell you." What makes this even more frustrating is that when it comes to tax policy and the other matters handled by the Ways and Means Committee, Wilbur Mills has often been the only game in town. While no journalist covering the committee is as dependent on Mills as State Department reporters are on Henry Kissinger, some reporters do rely heavily on self-serving leaks from the chairman.

The problem of being prisoner of the source is particularly acute when it comes to columnists. For example, Evans and Novak—whose inability to conceal their sources is one of the secret joys of reading their column—seem to have just three basic themes: Melvin Laird's wisdom is not being effectively utilized by whatever Republican Administration is in power; the Democratic Party is on the verge of once more giving way to McGovernism; and Wilbur Mills, that canny congressional power, has another plan to save the American economy. The sources for these columns are Melvin Laird, Larry O'Brien and various Scoop Jackson partisans, and canny ol' Wilbur Mills. Needless to say, the Wilbur Mills who appears in Evans and Novak is a considerably different fellow from the Wilbur Mills who saved the shoe industry $100 million. A prime example of Evans' and Novak's tone is a December 1973 column in which they lament that Mills' "once majestic authority has dwindled close to mortal dimensions" and predict sadly that "1974 could become the final year of one of the greatest legislative careers in history."

The sole editorial page antidote for this kind of effusive praise has been Jack Anderson. For years, Anderson has occasionally raised questions about the values which Mills brought to the tax code which he carried home with him each night. Back in 1969, Anderson reported that Mills had gotten a free cross-country plane ride on a jet belonging to Tenneco, a gas pipeline company, several months after his committee had approved a tax bill with a special provision benefiting pipeline companies. Mills expressed no remorse over his actions: "I didn't think there was anything wrong with it, and I don't think so now." Free plane rides are, admittedly, one of the less outrageous ways that special interests curry political favor, but they are also one of the more tangible, and it seems fair to say that a failure to see anything wrong with this practice would tend to suggest that the recipient may also not have any moral qualms about accepting other favors.

Ideally, hints like the Anderson column should have done something to temper the steady diet of editorial praise for the statesmanlike Mills. But instead of following up suspicious evidence, editorialists and profile writers tended to twist it to demonstrate Mills' virtues. There was, for example, a profile of Mills written for *The New York Times Magazine* in 1968 by Julius Duscha, now head of the Washington Journalism Center, which used a rather curious example to illustrate Mills' common touch: "His office door is always open, too. No matter how insignificant a lobbyist may seem to be, he can generally get to see Mills. . . . Not only will Mills talk with the lobbyist; he will readily pose for pictures with him, even though he knows the pictures are being used by the lobbyist to prove to his clients how important he is in the halls of Congress. Mills is generally an accommodating man." Without changing many words, this passage could be used to describe John McCormick's relations with Nate Voloshen or Jerry

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Ford's dealings with Robert Winter-Berger. Instead, it was distorted to reinforce the stereotypical image of Wilbur Mills, folksy statesman.

More Clippings Than Votes

Perhaps the sorriest chapter in the saga of how Wilbur Mills was declared a congressional giant is the degree to which so much of the press welcomed his ludicrous presidential candidacy. It is bad enough that a respected conservative voice like *The Wall Street Journal*'s editorial page called Mills "among the first rank of the nation's political minds" and enthused that he "has compiled an awesome record of responsible public service." But to make matters worse, *The New York Times* said virtually the same thing. In welcoming "the addition of such a power as Wilbur D. Mills" to the presidential race, the *Times* editorial even included a classic formulation of the pro ethic: "His mastery of. . . complex subjects has become a legend in the House." The redoubtable Joseph Kraft took time off from boosting the Muskie campaign to dub the Mills effort "the most consequential boomlet in progress." Liberal opinion journals were similarly conned. *The New Republic* ran a sympathetic look at Mills' presidential aspirations by Paul Wieck in mid-1971. Wieck was impressed that Mills was not an embodiment of the antebellum South: "It would be unfair to put Mills down as a typical Southern committee chairman. He's generally considered adroit and fair." The problem with this argument—like so much editorial gushing about the "New South"—is that it implies that just because Mills is not a racist, it's fine if he votes like a big-business Northern Republican. The Wieck piece provides another example of how the press continually put the most favorable gloss possible on Mills' weak points and questionable moral lapses: "So obvious is the appeal of his chairmanship to the business community that persons skeptical of Mills' real interest in the race have concluded he allows the boom to develop in order to keep Southern money out of the coffers of Wallace and Nixon." Between the lines, what Wieck said is that it's fine if Mills sells the Ways and Means Committee to the highest bidder, just as long as he does it for a good cause, like stopping Richard Nixon and George Wallace.

There is little comfort to be found in the way this journalistic honeymoon ended with the Tidal Basin incident. Because something is seriously wrong with the press when it requires a full-blown sex scandal for newspaper editors to take an interest in the behind-the-scenes legislative activities of the man who writes our tax laws and shapes our health legislation. Sadly, it is all too easy to envision what the press would still be writing about Wilbur Mills today if he had not run for President and if he still curled up each evening with the tax code. ■

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Tidbits and

The Last Time They Agreed Was on the Gulf of Tonkin Resolution

Our favorite comment on the Reserves and National Guard came from Rep. Otis Pike who said, "Somewhere in the country there may be Reserve and Guard units dedicated, highly motivated, and ready to go. . . but I've never seen one." Yet the program, which costs $4.4 billion a year goes on, supported—ironically—by two senators who have made much of their reputations by fighting government waste. The advertisement below was prepared as a "public service" by the Advertising Council.

Ladies and Gentlemen . . . Senator Barry Goldwater and Senator William Proxmire speaking to you on a very important subject.

Senator Goldwater: Our nation needs a strong and trained Guard and Reserve. What's your opinion, Bill?

Senator Proxmire: Barry, I'm going to disappoint a lot of people because I do agree with you this time . . . fully.

Senator Goldwater: We're here to ask for your support of our nation's Guard and Reserve. Everyone reading this can help—particularly employers. We'd like to see all employers sign a Statement of Support for the Guard and Reserve.

Senator Proxmire: The Statement of Support simply says you will back your employees who choose to be a part of the Guard and Reserve. That you will treat them fairly when it comes to promotions and raises.

Senator Goldwater: National defense concerns all of us and anything we can do to assure an adequate force should be done.

Senator Proxmire: The Guard and Reserve can give us needed strength in times of emergency . . . national or international.

Senator Goldwater: There are many things, Bill, we don't agree on, but this we can't afford not to agree on.

Senator Proxmire: Neither can you ladies and gentlemen. The National Guard and Reserve need your support and we sincerely hope you'll give it. For complete details please contact EMPLOYER SUPPORT OF THE GUARD AND RESERVE, ARLINGTON, VIRGINIA 22202.

GR
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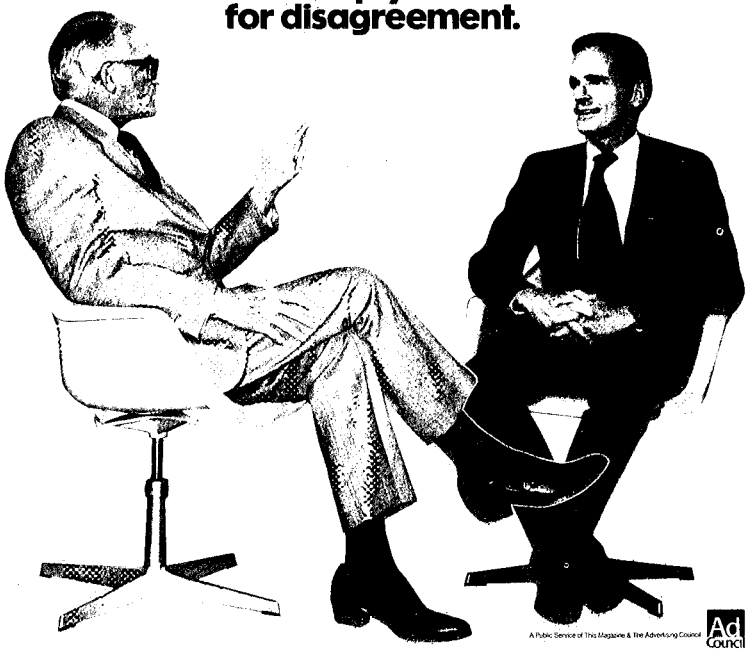
On some issues, there's simply no room for disagreement.



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Outrages

By 1990, We'll Owe Them Money

Every cloud has a silver lining. Corporate America is just better at finding it than the rest of us. According to Ralph Nader, corporations have decreased their share of tax payments while the rest of us are paying more.

In what must be among the least-publicized figures in Washington, corporate tax payments declined from 33.6 per cent of total federal receipts in fiscal 1944, to30.3 per cent in 1954, to 20.9 per cent in 1964, to an estimated 14.6 per cent in 1974.

In contrast, according to Treasury Department figures, individual income tax payments (including the full social security tax which is really borne by the employee) rose from 48.5 per cent in 1944, to 52.7 per cent in 1964, to an estimated 73.9 per cent in 1974. . . .

Dog Bites Man

As we read the newspapers most of us occasionally get a sense of *deja vu*. Our nominee for all-time champion is this headline from the November 9, 1974, *New York Times*:

Jersey Official Is Accused Of Ties To Mob Interests

If You Liked World War II, You'll Love . . .

From the Center for Defense Information:

During the Second World War the United States dropped just over 2 million tons of TNT on Germany and Japan—2 megatons. By mid-1974 the United States maintained a strategic nuclear weapon force capable of delivering 4807 megatons—the equivalent of over 2400 World War IIs.

If that doesn't whet your appetite for more SALT, the Center, which is directed by a retired admiral named Gene La Rocque, adds that the Soviet Union has 4,671 World War IIs in its nuclear arsenal.

Price Boom

We've all seen the monthly cost of "grocery basket" comparisons on television. Well, Michael Getler, of *The Washington Post*, reports that the Pentagon has been keeping track of its "weapons basket" and finds the cost has risen $16.9 billion, not over the last year but over the last *three months* measured (April 1 to June 30, 1974). The cost of a single B-1 bomber, of which we are planning to build 244, jumped from $61.5 million to $76.4 million.

There Goes the Neighborhood

The art of blaming the victim has been raised to a new high by the FMC Corporation, according to this report from the *Charleston* (West Virginia) *Gazette*:

Attorneys representing FMC Corp. have filed papers in federal court that claim that persons who live near the corporation's dry chlorine bleach plant are themselves responsible for any injuries they've suffered because of pollution.

A group of South Charleston residents living near the plant brought suit in July for $1.5 million against FMC saying the corporation has exhibited "wanton, willful, reckless, or intentional disregard" for their lives and property.

Allegations are made in the suit that FMC started in March 1973 to burn waste gas from the bleach plant in incinerators which failed to operate properly and in turn released "noxious and harmful ammonia gas" into the air.

FMC, however, has elected to use as a defense claim that it's the plaintiffs' fault they've been injured because they moved their homes to an area where chemical plants operate.

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more T's & O's

Sounds Better Than Camelot

It is comforting to know that, while the rest of us may be led astray by fashion and appearance, our great intellectual and artistic leaders continue to perceive the essential truths. Take this recent article and illustration written especially for *Vogue* by Arthur Schlesinger, Jr., with an accompanying portrait in the heroic manner by Andy Warhol:

History is inscrutable; and no one can say how the Administration of the 38th President will end. But, before the memory of its first days is overlaid by asperities to come, let us declare at once how admirably it began. In a few days, almost in a few hours, Gerald Ford dispelled the miasma that had hung so long over the White House; and the sun, so to speak, started shining in Washington again. He did this because he acted according to his instincts and because he is a man whose outward demeanor expresses his inner being. He is (thus far) exactly what he appears to be: a plain chap from Grand Rapids, open, unaffected, decent, dependable, patriotic, who finds himself in a quite unimaginable situation and means to do the best he can. . . .

At ease with himself, he is at ease with others, too. Nelson Rockefeller is a strong appointment and it took a man who does not feel threatened by other strong men to make it. . . .

We thank him first of all for leading the way in the restoration of confidence in our politics. We Americans have fallen into the bad practice of looking down on our politicians. Some deserve it, but the habit can be carried too far. There was wonder when the House Judiciary Committee turned out to be a group of conscientious, intelligent, weather-beaten people of quiet eloquence, working hard at their jobs. Gerald Ford, who served more than a third of his life in the House, is cut from the same cloth. He will bring the same virtues to a more conspicuous stage.

We thank him for specifying, with fine tact, what has brought the Presidency so low—for saying to our own time and to posterity what the disgraced President had refused to say to anyone. "Truth," Gerald Ford said, "is the glue that holds Government together, not only our Government but civilization itself." And "there will be no illegal tapping, eavesdropping, buggings, or breakins by my Administration." And "I. . . hope never to see the day that I cannot admit having made a mistake." And "I expect to follow my instincts of openness and candor with full confidence that honesty is always the best policy. . . ."

We thank him for reminding the country that the Presidency is not a job to be discharged in imperial isolation and that the President must be "the people's man.". . .

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Government Unions: The New Bullies on the Block

by Thomas Redburn

Many observers, Peter Drucker and Daniel Bell among them, speak with eager anticipation of the emerging post-industrial society. One of the bedrocks of such a society will be the wealth of uplifting services the government will provide. Ample services require ample work forces, and in this sense, at least, we are already on our way. One out of six working Americans is employed by a governmental unit—state, local, or federal. The Bureau of Labor Statistics (BLS) estimates that public employment, which has grown faster than any other sector of the economy, will continue to outpace all the rest at least through 1980 (which is the limit of the BLS's prognostications). Yet, before jumping eagerly into bed with the post-industrial enthusiasts, it may be worth examining a few examples of what is happening within the ranks of the public employees.

Consider recent events in the Postal Service. Following the nationwide postal strike in 1970, postal employees won the right to bargain collectively. In 1972 the Post Office was reorganized into a semi-autonomous public corporation, and Edward T. Klassen was recruited from the American Can Company to run the new Postal Service with the help of the collected wisdom of Harvard Business School. As no one who has tried to use the mails will be surprised to hear, Klassen's management team has recently been subjected to harsh criticism. A recent series in *The Washington Post* revealed that first class mail moves, on the average, 14- to 23-percent slower than it used to,

Thomas Redburn is an editor of The Washington Monthly.

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N.T.E.U. Photo

while the Postal Service makes on this class of mail a $1-billion annual profit, which it uses to subsidize other classes. The Postal Service is also investing $1 billion in a parcel-sorting machine which is slower and more damage-prone than that of its competitor, the United Parcel Service. The Postal Service has also spent $49 million to develop a mechanical letter sorter that, from all indications, is even less efficient than the present system of hand sorting. Costs have gone up by 46 per cent, and prices (for first class mail) by 67 per cent.

While service has been breaking down and management deteriorating, what have the postal employees been doing? Not complaining about the wasteful decisions, that is for sure. The genius of Klassen's management philosophy was to give such large concessions to postal employees that they would not dream of questioning his "innovations." In return for promising not to strike and agreeing to a few other minor concessions, the postal employees got a $700 across-the-board raise in July 1973 and a $400 increase effective last June. When additional cost-of-living increases are taken into account, this means that postal employees have received an average pay boost of 22.5 per cent over the last 15 months, with more to come next year. The Postal Service administrators also promised not to lay off any workers during the two-year period of the contract.

Now the union leaders are returning the favor, not to the public they are supposed to serve, but to the management who is protecting them. The American Postal Workers Union president, Francis Filey, publicly defended Klassen last month, calling his critics "press pygmies and political jackals. . . in merciless pursuit and they want blood." It's a great little mutual-aid arrangement—for everyone except the quaint soul who still expects to get his mail delivered on time. Those who survey the wonders of E. T. Klassen's domain and con-

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sider the spread of public employment, may feel inspired to say, "I have seen the future, and it doesn't work."

Hurricane Al

In 1960 Albert Shanker was just another teacher, trying to organize a union. At the time, the New York Teachers Guild was trying futilely to get more money for teachers, for the starting salary in the city schools was then $4,800 a year. This was so low that the schools opened every year with hundreds of teacher vacancies and the school system was forced to hire practically anyone they could find who had a college degree. The Guild leaders, including Shanker, pleaded for a salary increase, but Mayor Robert Wagner insisted that the city simply did not have the money. Then, that same year, New York was hit by a hurricane and later suffered one of the worst snowstorms in years. Miraculously, the city treasury opened and from it came millions of dollars for street-clearing and repair work. When Shanker asked Wagner why there had been money for the unforeseen cleanup work and none for teachers, Wagner replied that the other events were disasters. "That," Shanker told A. H. Raskin of *The New York Times*, "was when we decided to become a disaster."

Albert Shanker is now president of the American Federation of Teachers (AFT), a national union affiliated with the AFL-CIO. The AFT has more than 400,000 members and is one of the fastest-growing unions in the country. Both Shanker and the AFT scored one of their first major victories in 1961 when the United Federation of Teachers (the New York local of the AFT) won the exclusive right to bargain for the city's teachers. By the end of the decade, after a number of strikes and the struggle over community control of the schools in Oceanhill-Brownsville, the union emerged as a strong force in the politics of the city school system.

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By organizing his union machine in the best tradition of John L. Lewis, Shanker managed to win significant financial gains for his members and also to prevent community efforts to assert political control over the schools. For instance, in 1970 the city board of education brought in Harvey B. Scribner, a champion of decentralization (one of the issues in Oceanhill-Brownsville), to serve as Chancellor. Three years later, under constant pressure from the UFT, Scribner was forced to resign. By that time Scribner's community control plan was in ruins—for whatever difference that made, since the UFT candidates had captured control of most of the local district boards anyway. The school administrators, facing severe financial problems, realized they had more in common with the union than they had to disagree over, and soon both were petitioning the legislature for more money.

The New York City school system now spends more than $2.5 billion a year, yet nothing of significance has changed. Instead of addressing real educational needs, little more has been done than to shuffle people in the bureaucracy like so many peas in a giant shell game. The quality of education the system provides is inexcusably poor—two-thirds of the children read below the norm for their grade—but somehow that rarely emerges as an issue. Shanker himself has seemed uninterested in any substantive changes within the schools. A gleam comes into his eye as he describes his vision of teachers organized as a significant political force, pressing for such progressive issues as better housing; but he does little to address the one social problem his group has the most power to correct—the poor quality of public education. When asked if anything could be done to increase the productivity of teachers or to improve the quality of education, he replied, "I don't know if we talked any faster to the children whether they would learn more or less. . . ." Besides, he says, "it's impossible to evaluate objectively the performance of an individual teacher, even if you're only trying to see if the children improve." This kind of willful misunderstanding of what "productivity" means is all too typical. The union has become so powerful that Shanker now goes to great lengths to mention the times he has failed to get his way. This is because it happens so infrequently, and it doesn't look quite right to be so strong.

The UFT has also managed to keep its members relatively happy. While New York teachers were drastically underpaid in 1961, the starting salary today is $10,000. After seven and a half years of service, a teacher reaches the top of the pay scale, making over $20,000. It's no surprise that Shanker got 86 per cent of the vote in the election for the presidency of the AFT and an annual salary of $70,000. Being a disaster has its rewards.

The Other Muscle Men

But Shanker's teachers and the postal workers are not the only public employees who have won dramatic gains. From 1960 to 1970, the annual cost of salaries (excluding benefits, which now raise the cost of each employee an additional 35 per cent) for federal workers grew from $13.2 billion to $30.5 billion. Including state and local employees, the total cost of public employment rose from $39.6 billion to $106.8 billion during the same period. Between 1961 and 1971 the average earnings of all public employees rose by more than 80 per cent, while the average for workers in private industry increased by only 53 per cent. And as each public worker has grown more expensive, there have been more of them to pay for. In 1960, 12 per cent of the national work force was employed by a local, state, or federal government. Today, 16 million Americans—more than 18 per cent of those employed—are on the public payroll.

One quite logical corollary to the growth of the public sector has been

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the rise in the size of the public employee unions. The American Federation of State, County, and Municipal Employees (AFSCME), led by Jerry Wurf, is the fastest-growing union in the country. In 1964, when Wurf became president, the union had 220,000 members. Today it has 700,000, making it the fifth largest union in the AFL-CIO. During the past four years AFSCME has gained an average of more than 1,000 new members a week. "Our potential is nothing less than fantastic," Wurf has told his members. "There are plenty of people to organize if we put our minds to it. If we do, we shall be powerful and effective. We shall be bigger than the Teamsters, bigger than the Auto Workers or the Steelworkers or the Machinists." Or as Wurf put it in an interview, "If we have muscle, we get reasonableness; if we don't, we get unreasonableness."

Wurf's union is composed largely of the lowest-paid government employees. Nearly 70 per cent of the members are blue-collar workers—garbage collectors, prison guards, hospital attendants. They have legitimate complaints—not only do they perform the most demeaning jobs (which are often the most important jobs for keeping the society going; one strike of hospital workers would do more harm than a mass walk-out of GS-16s), but they also get the least money. It is surprising that they haven't struck more often; when they do, they cause more disruption than the teachers. As Shanker admits, "After they get over the shock, most people aren't going to climb the walls over a teacher strike. A school board hard-pressed for funds may even welcome it. The parents have to figure out what to do with the kids, but beyond that a few weeks out of a classroom doesn't bother them that much." By comparison, the prospect of policemen and sanitation workers sitting at home watching television while the looters and rats run free is more frightening. Besides, you can't pick up a city and move it to Taiwan or Brazil like a tire factory.

The union leaders are well aware of their status as a menace in the public eye, and they try to avoid the type of public obloquy Shanker has suffered. Jerry Wurf's principal goal right now is a moderate, restrained one—to get Congress to pass a law that would regulate bargaining between state and local governments and their employees, just as the National Labor Relations Act regulates private industry. In that way lies respectability and influence; the other way involves the wildcat strikes that can frighten the public into retaliation. In most states there is now no recognized procedure for bargaining, and no means by which public employees can select a union to represent them. For example, in the Ohio mental hospital system, four separate unions—a state employee organization, AFSCME, the Teamsters, and the Communications Workers—all compete for members, and one or the other is always

Can the government do more to protect everyone's health and assure everyone of the medical care they need?

"It certainly can," says SENATOR MAGNUSON

In his eye-opening new book, the Chairman of the Senate Health Appropriations Subcommittee describes vividly what the people of this country need in increased medical manpower, health services, medical research, and medical care. And he tells how these needs can be met through a total health care system.

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by SENATOR WARREN G. MAGNUSON and Elliot A. Segal

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threatening to strike to prove it is tougher than its rivals. In the end, everybody loses.

Although the threat of public employee strikes has received the most attention, they are not the most disturbing aspect of the rise of the government unions. As the examples of the Postal Service and the UFT suggest, we have far more reason to be concerned about what the public employees are doing when they're *on* the job than when they're off. The postal employees and Shanker's teachers have demonstrated in more dramatic form what is happening quietly elsewhere: that strong unions are removing the whole question of better quality service from the bargaining process, while their managers are joining with them to insulate the public bureaucracy from any realistic analysis of their incompetence and performance.

An example of how the public employment system can resist outside scrutiny occurred recently in Michigan. The state legislature had enacted a program to measure the effectiveness of public education. The scheme had many faults. But the rhetoric of the teachers and the administrators made clear that it was the mere idea of trying to evaluate, regardless of the method, the effectiveness of individual schools that frightened them. The public's efforts to understand and evaluate the actual performance of the schools ran squarely into the self-interest of the securely established groups that dominated the system.

John Lindsay, as mayor of New York, ran into a similar roadblock when he tried to improve the effectiveness of several city departments. For example, even though his proposed changes in the police department (changing to one-man patrol cars, expanding the use of scooter patrols, and putting more men on the streets at peak crime hours) were so modest that they didn't even upset law-and-order zealots, the police union rebuffed them all.

The pattern that emerges from these examples is that of public employees, unionized or not, cooperating with management officials for mutual protection against politicians and other outsiders. When labor and management in the private sector sit down to negotiate, something like a genuine test of force usually takes place. The union wants more money; the management, because it fears competition (if not from domestic sources, at least from Japan or West Germany), must increase productivity and hold wages down. But in civil service negotiations, the "struggle" is a force against a vacuum. The unions want more money, and no one—except occasional oddballs like Rep. H. R. Gross—is willing to defy them.

On the rare occasion when there *is* some opposition—for example, when President Ford dared to postpone the federal pay raise this fall—the public employees simply call on their traditional friends, the liberal Democratic legislators. The liberals, because they generally support expanded government services, are rarely eager to question higher wages or emphasize the need for greater efficiency. On the other side of the spectrum, an increasing number of Republicans and conservatives with large numbers of public employees in their districts have been forced to moderate their anti-waste tirades.

Money Talks, Nobody Walks

Moreover, many liberal Democrats depend on contributions from teachers and other labor organizations. Because the teachers and unions resist every change in the organizations that distribute education and other social services, many liberal politicians walk on eggshells instead of saying what needs to be said about our calcified institutions. Teachers' organizations contributed more than $3 million to congressional and state candidates this year, making them among the most generous political

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supporters. (The American Medical Association, never a stingy giver, contributed only $1.5 million to this election.) Nearly all of the teachers' money went to liberal Democrats—all 20 Democrats on the House Education and Labor Committee who were up for reelection, as well as such liberal candidates as Gary Hart, Tip O'Neill, and Mike Gravel, received money from the teachers. Their counterparts on the state and local level have also received contributions. In the North Carolina Democratic congressional primary, Ike Andrews' challenger received $2,000 from teacher groups. After his primary victory, Andrews modified his position in support of the teachers' legislative goals. He got $1,000 from the National Education Association.

Other public employees have also developed strong bases of legislative support. When Ford attempted to delay a federal pay raise for three months, the unions raised a battle cry. The federal employee unions didn't think the federal budget should be reduced at the expense of their members' paychecks and they soon drummed up support among their congressional allies. Dennis Garrison, executive vice president of the American Federation of Government Employees, the largest federal union, set the tone of the unions' campaign in saying that it was "wrong, unfair, and discriminatory" for white-collar federal employees to be singled out to fight inflation. "The federal worker is as concerned as the next person about inflation, but we're not going to have the meat axe put to us when the big oil companies, the big corporations are making huge profits. The federal employee is getting poorer while the fat cats are getting fatter." This kind of talk, and the implied political strength behind it, convinced the Senate to eat its own words about economy and overturn Ford's veto.

Garrison and his counterparts failed to mention that federal employees are among the highest-paid workers in the country. One third of all federal workers on GS scale are paid more than $15,000, and receive supplemental benefits equal to a third of their salaries. Officially, federal white-collar employees are supposed to be paid salaries "comparable" to what they would earn in private industry. But in practice, many federal employees, especially those in the middle grades and those just below the highest paid "supergrades," are paid significantly more than they would get on the open market. For example, the appropriate salary for all GS-13s is determined by examining only five professions—attorneys, chief accountants, chemists, personnel directors, and engineers. Each of these positions (with the exception of personnel directors) demands greater training and technical skill than most government GS-13s possess. And the federal government has become so top-heavy that, for example, 52 per cent of the employees of the Department of Transportation are GS-12s or above. The starting salary for a GS-12 is $18,463.

Getting Tough

Government employees have, of course, suffered like everyone else from double-digit inflation; and that seems to have been the deciding factor in the pay-raise vote. By a margin of 65 to 34, the Senate voted to override Ford's attempt to delay the raise. The interesting thing about the vote is how the sides divided. Even though 75 per cent of the increase was budgeted for military and defense workers, nearly all the liberal Democrats in the Senate voted to speed it through. Not even such traditional proponents of reduced spending as Senators Dole, Dominick, and Young (all of whom faced tough election fights, which only Dole survived) opposed the increase. Of the five liberal Democratic senators who voted for the delay (Biden, Clark, Mansfield, Ribicoff, and Stevenson; Republican liberals Percy and Hatfield also opposed the raise), none questioned the

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built-in escalator for federal salaries; when they bothered to argue against the raise, they couched their objections in vague appeals for "setting an example of restraint," a policy which would be about as effective as WIN buttons.

The pay-raise fight was not the first instance in which the unions have demonstrated their legislative power. The slow demise of the blind vendors program is a particularly sad example of the way federal employees can use the influence they have developed with Congress. Since 1936, blind vendors have been encouraged by law and policy to sell snacks and coffee within federal buildings. But for at least the past decade, federal employees have been trying to squeeze the blind vendors out and replace them with vending machines, whose profits go to the employees' recreation associations. In 1970, a bill was introduced in Congress to protect the blind vendors program. Swamped by an organized avalanche of letters from government workers and testimony from union leaders, liberal Democratic Rep. John Brademas buried the bill in his subcommittee, pleading that he "could not touch the bill in an election year" because of "too much political pressure."

The sequel is even more striking. After four years of effort, Congress finally mustered the courage in 1974 to approve legislation diverting vending machine funds from the recreation associations (which were appropriating them illegally, anyway) to blind vendors and assuring the blind the right to remain in federal buildings. Ford killed the bill with a pocket veto, partly because of an unrelated provision and partly because he presumably didn't want to cross federal employees twice in a row.

We're in the Money

Federal employees are not the first group to have a squadron of congressional supporters, but they are unusual in having done this without making significant campaign contributions. Only this year have candidates received funds from the AFGE and the American Postal Workers Union. Since dues in federal unions are low in comparison to those in other unions, federal employee leaders are trying to convince their members to invest part of the savings in campaign contributions. As Mike Causey, the civil service columnist for *The Washington Post*, has put it, "If the unions can convince their members to contribute heavily to political action funds which union leaders could use to reward friendly members of Congress, the result could be a much friendlier Congress, as far as civil servants are concerned." One way to illustrate the extent of the potential friendliness is to consider the fact that at least 75,000 of them make more than $25,000. If each one gave only two per cent of his income (which was the standard tithe in the days of political machines), the total would be more than $37.5 million. The sheer numbers of people who now make up the public service combined with the potential campaign contributions could create an awesome political force.

On the state level, the unions are also beginning to sense their power. In an increasingly typical case, a liberal politician wins the election with the political support of public employees. Yet, once in office, he finds his freedom severely circumscribed because he can do little to challenge the established bureaucracies. All he can really do is start another agency or try to create some semblance of reform by adding his own people to the staffs of the existing ones. In Ohio, Democratic Governor John Gilligan proposed reforms in the mental health system; but since these called for severe reductions in the number of patients in state hospitals (who would be transferred to outpatient clinics), they would also have meant lay-offs of the hospitals' attendants and nurses. The outcome was that the state removed patients from hospitals and hired professionals to run the

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community centers, but continued to run the large hospitals just as before.

But, of course, labor unions are not supposed to be in the idealism business. As Shanker puts it, "Most public employees or white-collar employees join a union for the same reason as plumbers or steelworkers. They want a contract, a grievance procedure, and salary increases. We provide them with security and protection against discriminatory management action."

In other words, why expect us to be better than anyone else? And he has a point. You don't see General Motors trying to hold prices down or the rich volunteering to close the capital gains loophole. But with everyone pointing his finger at the other guy, neither Congress nor Ford can develop the will to remove corporate tax breaks, as Jerry Wurf proposes, or threaten the comfort of other well-organized, visible groups like oil producers—or public employees. We end up with politicians unwilling to step on any prominent toes, waste and inflation which hurt the poor and disorganized most, and bushels of lovely WIN buttons.

Out from Under

The federal employees are a conspicuous example of how even a comparatively comfortable group can grow resentful when denied what they see as rightfully theirs. One of the most lamentable results of unjustified complaints is that they can obscure the fact that those on the bottom are still grossly underpaid. Despite the conspicuous success of the New York City and a few other urban teachers' unions, the average pay for teachers nationally is only $8,500 a year. Hospital workers earn an average of $6,100. Twenty-five per cent of the state and local employees in Texas have incomes officially below the poverty line. Federal and state meat inspectors, who perform highly skilled but extremely disagreeable work, are also clustered near the bottom of the bureaucratic pay ladder, earning an annual average of less than $10,000. They and others like them—police, bus drivers, firemen, garbage collectors—perform the services we depend on. Without them, life in our cities would be impossible. Yet, because public pay increases are usually applied on an across-the-board basis, a 10-percent raise may mean $2,000 per year more for the white-collar worker and only $800 for the garbageman.

Collective bargaining may be the answer for the lowest-paid groups, if they can divorce themselves from the functionaries who lord it over them. Those who do the real jobs obviously have more real bargaining power than the bureaucrat enshrined in his comfortable office whose only threat is to stop writing memos to others in the same situation. Perhaps the power of the blue-collar workers will enable us to abandon the folly of across-the-board raises and start paying decent wages to the people at the bottom. Otherwise, whenever limited funds are available to spend on increased salaries, the higher paid workers will automatically take the lion's share of the money, leaving a meager remainder to distribute among the large numbers at the bottom.

The government unionization that is so essential for raising the lowest wages unfortunately raises one of the worst problems of the white-collar workers—the dogged resistance to outside efforts to examine government performance. This attitude naturally feeds the all too common feeling in government that it isn't actually necessary to work well to earn one's salary, and that the perpetuation of every government program and government office, whether it works or not, is the preeminent goal. Unless something is changed, the government employee's abhorrence of public accountablility will turn government into nothing more than a secure provider of jobs—a sort of national artificial heart pumping money and security through the body politic, slowly clogging the veins. ■

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A Day in the Life of a Government Executive

"A Day in the life of a Government Executive" was written for OASIS, *a publication of the Social Security Administration. Its ironies may be unconscious, but they are devastating nonetheless—and provide the truest picture of life in the upper levels of bureaucracy we have ever encountered.*

As Commissioner of Social Security, James Bruce Cardwell administers a program that touches the life of virtually every American and handles one out of every $4 spent in the government.

What follows is a typical day.

Rockville, Maryland

The Commissioner's day begins at 5:45 a.m., more than an hour before his chauffeur will arrive to take him into the District. In suburban Maryland there is near-quiet at this time of day. The Commissioner takes advantage of the silence to enjoy a leisurely cup of coffee with his wife and to scan the morning papers.

At 6:50 the Commissioner's chauffeur, Willie Falcon, arrives in a small government sedan. Commissioner Cardwell climbs into the car with a pair of worn leather briefcases at his side. Each briefcase is stuffed with the inevitable governmental memoranda which have been a part of his life for the last 30 years.

As the sedan edges onto Interstate 70 and heads toward the Washington Beltway, Commissioner Cardwell's workday has already begun. He uses the half- to three-quarter-hour travel time for reading Social Security Administration staff reports and memoranda submitted the previous day.

7:30 a. m.

The Commissioner arrives at HEW, North. He will spend the morning here before going on to the Woodlawn Social Security complex near Baltimore. The Washington office maintains liaison with other HEW components and congressional commit-

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tees. While Woodlawn is only 30-some miles distant, it is nevertheless too far from the seat of government.

He takes the elevator to his fourth floor space and greets Mary Grabarek, the office secretary.

The Commissioner's private office at HEW is attractive but utilitarian—a massive walnut desk, beige carpet, a few pieces of darkwood furniture with vinyl upholstery. Opening off the Commissioner's office is a small library. Handsomely bound government volumes line bookshelves along the wall, and a conference table sits in the center of the room.

In his office, Commissioner Cardwell begins work by scanning press reports on items of interest to Social Security. He then turns his attention to the more time-consuming task of reading and signing correspondence prepared by his staff.

8:00 a. m.

Deputy Commissioner Arthur Hess arrives. The previous day was the Deputy Commissioner's birthday and the Commissioner asks about his evening dinner party in Annapolis. They then turn their attention to an item in the morning press reports about a Dartmouth University student who has had his social security benefits terminated on a legal technicality. It is decided that the Office of the General Counsel should look into the case. Another item discussed is a call the Commissioner made to the Office of Management and Budget to check on the status of SSA's request to build two new headquarters buildings—one at the present complex in Woodlawn and the other in downtown Baltimore.

8:15 a. m.

Commissioner Cardwell briefly outlined for *OASIS* an upcoming presentation in the Secretary's Chart Room. "Usually I'll meet with the Secretary. . . well, every morning that

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he's in town. His staff and the agency heads are always present at those sessions. Wednesdays are a little different, however. These meetings are opened up—more staffers—and there is usually a presentation of some sort. For instance, the HEW Comptroller recently gave a presentation on cash flow analysis. Today, the Secretary has requested that we give a general presentation on the status of the social security program."

8:20 a. m.

Commissioner Cardwell and Deputy Commissioner Hess leave the Commissioner's office for the Secretary's Chart Room. They meet SSA's Deputy Chief Actuary, Francisco Bayo, on the way. Bayo has just arrived at HEW, North, and will be available for long-range actuarial projections, if needed, during the morning's presentation.

8:30 a. m.

Secretary Caspar Weinberger, Under Secretary Frank Carlucci, and 20 to 25 other top Department executives enter the Chart Room and take designated seats around the room's long oval table. Five minutes elapse while coffee is served from an adjoining anteroom and materials related to the SSA presentation are sent around the table.

Secretary Weinberger then opens the meeting and immediately gives the floor to Commissioner Cardwell. The Commissioner outlines the morning's program, saying that the presentation would be in three parts: 1) a review of basic social security program data; 2) a report on current problems confronting Social Security; and 3) a period for questions and answers.

Deputy Commissioner Hess gives a comprehensive, 20-minute chart presentation of basic social security data—extent of coverage, number of people receiving benefits, benefit amounts related to average monthly earnings, etc.

Commissioner Cardwell then outlines the problem areas. He says throughout its history there has been tugging and pulling about the basic purpose of social security. Originally designed as a means of replacing part of family income lost due to age or death, social security has grown to include other programs, other benefits. That growth has been accompanied by a public uncertainty about what social security now promises—and about its ability to deliver on those promises.

The Commissioner cited a series of articles on social security which were printed in *Chicago Today* and distributed nationwide via *The New York Times* News Service. The articles are very critical; they charge that social security is a rip-off and assert that retirement plans available through private companies would yield bigger dividends for smaller investments.

"The press tends to focus on sensational aspects of the program," the Commissioner says. "And while there are legitimate issues raised in these articles there are also serious misstatements."

The Commissioner then reviews what he considers legitimate issues regarding social security. Is social security adequate? Are social security contributions regressive? Does social security treat men and women, rich and poor, minority and majority, equally? Will low population growth and an increasing number of retirees mean an unfair financial burden for future workers? Is there a necessity for the social security retirement test?

The Commissioner says these questions, together with proposals for general fund financing and negative income tax, are being studied by the Social Security Board of Trustees and the Advisory Council on Social Security.

"The Advisory Council began work on May 3 and will finish by the end of the year. The Council seems especially capable of dealing with these issues," the Commissioner says, "and we can expect some proposals from them deserving of consideration."

During the question-and-answer

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period, the Secretary focuses on what is being done—on what can be done—about the bad publicity.

Commissioner Cardwell replies that a response to the *Chicago Today* series has been written by Professor Richard E. Johnson of the University of Georgia. Dr. Johnson is a nationally recognized authority on insurance and is a former executive of two leading private insurance firms. SSA's Office of Public Affairs is negotiating with the *New York Times* News Service, the Commissioner says, to distribute the Johnson article. The Commissioner also notes that former HEW Secretary Wilbur Cohen is writing a rebuttal which will be available later in the month.

9:40 a. m.

Meeting adjourned, Commissioner Cardwell speaks privately with the Secretary for a few minutes before leaving the Chart Room.

9:45 a. m.

Commissioner Cardwell and Deputy Commissioner Hess meet briefly in the hallway outside the Chart Room with Lew Helm, Assistant Secretary for Public Affairs. Helm tells the Commissioner that his office would be available to lend assistance to SSA in rebutting the *Chicago Today* series of articles criticizing the Social Security program.

9:50 a. m.

Stanley Thomas, Assistant Secretary for Human Development, catches the Commissioner just as he is preparing to leave the building and requests a brief meeting. Commissioner Cardwell, Deputy Commissioner Hess, and Thomas duck into a small anteroom nearby. Thomas says he met the day before with the National Council on Children and Youth and that this organization would like SSA to undertake a program to locate an estimated 200,000 to 400,000 disabled children who are eligible for, but not enrolled in, the SSI program.

"You're saying a. . . well, a sort of

The Screwing of the Average Man

by David Hapgood

A **Washington Monthly** book published by Doubleday.

"The best account I have seen of how the system is rigged from maternity ward to beyond the grave to keep us broke so the rich can go on getting richer."

—*Russell Baker*

"The Establishment will rate this one X, but, the general reading public, or, 'screwees,' should find the book an eye-opening pleasure."

—*Publisher's Weekly*

"Hapgood is right on target. . . . This book is in the great tradition of The Washington Monthly and that means it's 'must reading.' "

—*Herbert Denenberg*
former Commissioner of Insurance
State of Pennsylvania

David Hapgood's program "The Screwing of the Average Man" can be heard on National Public Radio's "All Things Considered" Thursdays and Saturdays.

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SSI alert for children. Right?" the Commissioner asks Thomas.

"Yeah, it would be something like that."

Commissioner Cardwell asks how they want to proceed. Thomas replies that, tentatively, a feasibility study for a pilot program would be conducted first. Maybe five states. The Commissioner says he will have his people look into it and get back to Thomas.

"They want a rush on this," Thomas says.

"So what else is new?"

10:05 a. m.

Commissioner Cardwell and Deputy Commissioner Hess leave HEW, North, for SSA headquarters in suburban Baltimore. During the hour-long journey, the discussion covers the morning's session with the Secretary, the remainder of the day's agenda, and an upcoming meeting with Mayor Donald Schaefer of Baltimore on the new downtown building.

11:20 a. m.

Arrival at SSA headquarters.

The Commissioner's Woodlawn office on the ninth floor of the Altmeyer Building is a near replica of the one he has just left in Washington but has a few more personal touches.

11:30 a. m.

A closed luncheon meeting with several members of the executive staff is held and runs until 12:50.

Doris Conley, the Commissioner's secretary at Woodlawn, told *OASIS* that working luncheons are more often the rule than the exception. "The travel time between Washington and Baltimore breaks up the rhythm of the work day," Doris explained. "With the Commissioner's tight schedule, that hour lost in travel is very important. We often find it necessary to schedule meetings through the lunch hour."

1:00 p. m.

This is the Commissioner's regular Wednesday meeting with all bureau directors and assistant commissioners.

Commissioner Cardwell opens the meeting by briefly reporting items of interest discussed in his meetings with Secretary Weinberger and other HEW officials during the past week.

One item the Commissioner talks about is a growing consensus among HEW staffers to lobby for restricting the use of the social security number as a general identification number. Their thinking, the Commissioner reports, is that such restriction would help protect public privacy and prevent a monolithic computer filing of citizens' records and activities.

"I think the privacy issue is one of legitimate concern," the Commissioner says, "but I'm not sure we want to support this particular move. I think the emphasis is wrong. It should be on the proliferation of the data itself—on the actual need of this or that institution to have information and not on their means of. . . well, filing or classifying it. They can always adopt their own numbering systems.

"What I'm saying is this. By concentrating on restricting the use of a social security number as an identification number, we sidestep more basic issues of individual privacy. [Pause] Am I right on this?"

After a brief discussion, the bureau and office heads are asked to prepare memos on their positions.

The Commissioner also reports Secretary Weinberger's concern about the recent "bad press" given social security and outlines the steps taken to rebut printed misstatements.

Another item reported is an agreement reached with the Treasury Department to issue SSI replacement checks without waiting to see if the original check was negotiated.

"A small victory—but a victory," the Commissioner says.

He then turns the discussion to the new Federal Labor Standards Act and its effect on SSA operations. The new Act *requires* that clerical and many

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technical employees be paid for any overtime work rather than be given the option of compensatory time off. There is a general consensus that the Act could detrimentally affect SSA operations.

A quick around-the-table check with each bureau and office follows. Are there any problems? Is there anything to report? Any comments?

Input is sparse this week. Within 10 minutes, everyone present has either spoken or declined to speak and the last half hour is turned over to an Office of Research and Statistics committee studying proposed changes in the disability program.

2:45 p. m.

Bureau of District Office Operations Director Robert Bynum has asked for a brief meeting with the Commissioner. The schedule does not indicate what will be discussed.

Commissioner Cardwell and Bynum seat themselves at a small office sidetable over coffee. After a few comments on the weather, the Commissioner says he is planning a meeting sometime later with bureau directors and assistant commissioners to frankly discuss problems and accomplishments of the past year. The meeting, like an earlier one in May, would be held informally, outside SSA, and probably last two days.

"I think that's a good idea," Bynum says. "It's. . . it's a good way to open communications channels among our offices."

"Yes, we can look at what we've done thus far, look at any problems, look at any mistakes we've made," the Commissioner said. "The kind of organizations which worry me the most are those that close ranks and are not ready to admit mistakes."

Bynum and the Commissioner then turn to a discussion of administrative entanglements plaguing the SSI leads program and to the rationale for a zero-base analysis of BDOO operations.

The latter topic is of special concern. It involves a far-reaching analysis of the present work force and operating systems within BDOO. Such an analysis begins at a "zero-base" with no assumptions and proceeds to evaluate what resources and operations are necessary to achieve organizational goals. Bynum expresses concern that the analysis will interfere with processing of field office workloads. The Commissioner says the task force for the analysis will be as unobtrusive as possible and that other bureaus are also slated to undergo the same thing.

They then discuss an invitation from the National Council of Social Security Management Associations to speak at their convention in San Francisco this October. Bynum says he will accept the invitation to speak and Commissioner Cardwell says he can make no commitment at this time but will note it on his calendar as a possibility.

3:30 p. m.

A meeting with Texas business executive Mitchell Hart has been scheduled and *OASIS* given permission to sit in. However, Hart requests a private session with Commissioner Cardwell to talk about his data processing firm's problems in obtaining subcontracts from carriers which process Medicare claims.

4:30 p. m.

Commissioner Cardwell is slated to meet with BHI Director Thomas Tierney and Tierney's committee on National Health Insurance. However, the meeting with Hart runs longer than expected. At 5 o'clock, with the Hart meeting still in session, Commissioner Cardwell asks Deputy Commissioner Hess to chair the National Health Insurance meeting.

"It isn't uncommon for the Deputy Commissioner to take over for me when there are schedule conflicts," Commissioner Cardwell says. "He is an exceptional administrator. . . a fine person. I believe Art Hess reflects the kind of leadership we want to develop here."

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Hess apologizes to the committee for the delay, says he realizes the time is inadequate but that another meeting can be arranged later. He then asks for a report on committee problem areas and asks if any assistance from the Commissioner's office is needed.

Deputy Commissioner Hess has the same directness, the same decisiveness in these sessions as the Commissioner. Yet there is a difference in their manner, which may be traced to their professional backgrounds. Hess approaches a problem with the probing exactness of a lawyer (which he is), and the Commissioner brings to a problem the analytical detachment of an ex-budget officer (which he is).

5:10 p. m.

The Commissioner's meeting with Mitchell Hart ends; since Deputy Commissioner Hess has taken the meeting with the NHI committee, the Commissioner decides to squeeze another meeting into the day's calendar.

On any given day, there are more people waiting to see the Commissioner than can be scheduled. Many appointments must be postponed or fitted into breaks in the schedule. Doris Conley earlier notified an inter-bureau committee studying SSI provisions for drug addicts and alcoholics that they would be "on hold" that afternoon. She now calls them in.

During the few minutes it takes the committee members to make their way through the maze of corridors and up the elevator to the ninth floor of the Altmeyer Building, Commissioner Cardwell calls his wife. He assures her that he will be on time for his son's birthday celebration at seven.

The major thrust of the discussion with the new committee is toward resolution of a misunderstanding between SSA and New York City officials. NYC officials erroneously believed that SSI would pick up drug addicts and alcoholics disabled by their addiction alone.

Deputy Commissioner Art Hess spoke with *OASIS* earlier about the demands made upon the Commissioner by the schedule he keeps. "As you can see, one meeting often runs into another. And the day's itinerary is subject to change at a moment's notice. Handling this sort of workload calls for a quick transition of thought and a refocusing of attention upon a completely different—but equally complex—set of data. It's a helluva job."

6:10 p. m.

Meeting ends; Commissioner Cardwell asks that Doris have Willie bring the car around to begin the 45-mile drive home.

Because today is his son's brithday, he is able to gracefully bow out of a Washington engagement he would otherwise be expected to attend. The missed engagement is a dinner at the Washington Sheraton-Carlton Hotel where Wilbur Cohen, former HEW Secretary and an old friend of the Commissioner's, will be the evening speaker.

"I do regret not attending the dinner this evening. But not that much, I guess. One of the toughest parts of this job is separating family obligations from work obligations. I don't like to take the work home. . . to have it intrude on all facets of my life. I like a few hours of leisure away from it all."

At home, the Commissioner usually sequesters himself in his den with a new best-seller or joins Mary Louise for a few hands of bridge with neighborhood friends. During the fall and winter months, he follows the fate of the Capital city's football team, the Washington Redskins.

Much of his free time is spent with his family. Two of his four sons—David Bryan, 18, and John Richard, 10—live at home and the two elder sons, James, Jr., 26, and Mark Edward, 24, are married and live in other areas. Vacations for the Commissioner and his family are rare and therefore highly valued. Recently the Cardwell family managed to break away for a four-day vacation. ■

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P-38, Where Are You?

by William D. White

In the years since the introduction of the volunteer army and the consequent rise in military salaries, manpower costs have been a frequent target for complaint among critics of the defense budget. This, with the still-high spending on strategic nuclear forces, has attracted more attention than all other defense items combined. In this setting, the time may have come for a fresh look at our tactical air power—the fighter planes and bombers which are designed for uses other than a full-scale nuclear war with the Russians.

No other nation counts so heavily on air power for its conventional military strength or spends so much on its tactical air forces as the United States. By conservative estimate, the direct costs of operating, maintaining, and modernizing U. S. tactical air forces will amount to more than $17 billion in fiscal 1975. Including an apportioned share of non-mission support costs and general military overhead, tactical air power will consume fully one-fourth of the 1975 defense budget. If the present trend continues, through 1980 direct spending on U. S. tactical air forces is projected to exceed $100 billion (in constant fiscal year 1975 dollars), and indirect costs related to these elements of the mission forces will add another $40 billion or more.

Such impressive figures have been achieved by a consistent adherence to what might be described as a strategy of "maximum technological substitution"—the notion that each new bit of technology should be incorporated in a weapon and distributed to the armed forces with the least possible delay. These soaring costs for military hardware have, however, led many to suspect that this philosophy has been carried too far.

Since World War II the unit cost of producing a first-line U. S. tactical combat aircraft has doubled, on the average, once every four years. Part of this growth has been caused by inflation, but most is attributable to the growing size and technical complexity of the aircraft themselves, and to the declining rate of production that has followed the rise in unit costs.

As the newest generation of fighter aircraft emerges, the problem of rising unit costs is reaching proportions that demand a basic change in our military posture, simply because we will not be able to maintain the same number of planes without either severely curtailing their customary rate of modernization or dramatically increasing the $5 billion we spend annually on major weapons investment to as much as double its current level.

Beyond this, the course of present policy on tactical air power is clear for only the next two or three years. The current projection is for roughly constant budgets and force levels through fiscal year 1978; during that time, the pace of modernization will

William D. White is a former Defense Department official. This article is adapted from his book, U. S. Tactical Air Power: Missions, Forces, and Costs, *to be published this month by The Brookings Institution.*

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be slowed to keep costs somewhat within bounds. The high unit cost of these systems will be offset by acquiring fewer of them.

Things become murky after this. Before the large procurement programs now under way expire in 1978 and 1979, an important decision will have to be made. Briefly put, the options will be three: to continue the replacement programs at roughly the same pace, thereby holding the budget in check but accepting the inevitability of lower force levels in the 1980s, when operating attrition reduces the aging force; to phase down the procurement programs and use the money saved to acquire cheaper kinds of aircraft in larger quantities (thereby preserving force levels but altering the relative mission capabilities of the forces); or to come up with the substantial new funds necessary to expand the established programs to such an extent that the entire force can be replaced with aircraft such as the F-14 and F-15.

Can I Get It Wholesale?

The problem of rising unit costs is easily illustrated. During 1943, the peak procurement year of World War II, the Army Air Corps committed $2.47 billion to purchase tactical aircraft. For fiscal year 1975 the Air Force requested $1.07 billion to buy modern airplanes for the same tactical purposes. The difference is that in 1943 the Army got 24,847 airplanes for its money; this year the Air Force wants to buy just 98. The average cost of a tactical warplane procured in 1943 was $99,400. In 1975 it will be $10,900,000.

Few other classes of military hardware come close to matching this astronomical cost growth. The most expensive tactical aircraft now being procured, the Navy's F-14 Tomcat, is 190 times as costly as its World War II kin, the F4U Corsair. By comparison, the latest nuclear-powered aircraft carrier, CVN-70, though the focus of much public attention in fiscal 1974 because of its billion-dollar price tag, is only 18 times as expensive as the Essex class of World War II carriers. Even the controversial battle tank, MBT-70, an austere version of which was rejected as too expensive by Congress, would have been no more than 15 times as costly as the most widely used U. S. tank of World War II, the $55,000 M-4 Sherman.

The latest tactical warplane for which certain cost data exist is the F-111, introduced in 1967. Over the 27 years separating the F-111 and the Army's Curtiss P-40, used extensively at the beginning of World War II, the real cost of producing a single first-line fighter increased 80-fold. What factors have been responsible for this trend?

One reason frequently cited is the loss of economies of scale in production. Instead of building 10,000 or 15,000 airplanes of the same basic design, as we often did in the 1940s, production runs are now measured in hundreds, reducing the economies of the assembly-line technique. In effect, today's aircraft are largely handcrafted. Analysis of World War II production data indicates that, as the number built rose, average costs correspondingly declined. Thus, it is not so much that modern aircraft are so costly because fewer are built as it is that fewer are built because modern aircraft are so costly.

But despite the lower production runs—and the increasing technical complexity which originally underlay the rise in costs—did costs have to have risen so sharply? The answer, of course, is no. The escalating costs are largely the result of the theory behind America's development of new fighters, a strategy probably best characterized as one of maximizing unit capability. Reflecting this decision, almost all the designs share two basic traits: First, each has been versatile enough, insofar as the technology of its day would permit, to carry out several distinctly different combat missions. Second, each was designed very close to the limits of

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technological feasibility. Together, these qualities form the essence of the traditional U. S. design philosophy.

If the F-15, which is expected to be operational shortly, succumbs to a the cost curve of its predecessors, it holds ominous portents for the future of American manned tactical warplanes. If the cost trend is reaffirmed, it would seem entirely possible that the next generation of multipurpose fighters—that is the replacements for the F-15 and the F-14 which will be proposed in the mid-1980s—will cost $100 million or more apiece. (And this doesn't even include the cost of research and development and accessories, and an inflationary markup.) Merely to equip a single Air Force tactical squadron with this hypothetical "F-1985" would cost $3 billion, in current dollars. And a program on the same scale as the F-15 could cost $100 billion—more than the cost of the entire current defense budget.

If these cost estimates are correct, there will be essentially three courses open: reducing force levels, perhaps to a dozen wings or less, spread among all the services; slowing the pace of modernization by postponing the introduction of the next design generation; or breaking away from the design philosophy that has been responsible for the cost bind by turning to specialized types of aircraft, pursuing a much more conservative approach to technological innovation, or both.

Stepping Off the Escalator

In the future, as in the past, most of the money for the tactical air forces will be spent on two exclusively American conventional war capabilities: deep penetration attack and sea-based tactical air operations. The feasibility of paying the great costs of continuing to maintain those capabilities on so large a scale is a central issue in the tactical air budget. The present course, as reflected in the 1975 budget, calls for heavy investment in both areas, featuring large-scale funding for F-15 procurement and further acquisition of the F-14.

Although the present course would modernize the combat forces more slowly than in the 1960s, some observers believe that continued escalation in weapon system costs demands a still slower pace. Critics of the latest generation of high performance fighter-bombers doubt that these aircraft offer sufficient improvements in performance over existing F-4 Phantom IIs to justify their much higher unit cost.

One alternative would be to limit future modernization of the long-range multipurpose aircraft to improved models of the F-4. Without reducing force levels or curtailing the planned improvement in Air Force support capability, this option could save $12 billion to $13 billion during the 1975-80 period, and reduce the annual tactical air budget by $3 billion by fiscal 1980. Our security and capabilities would be little affected in the near future by halting procurement of the F-14 and F-15.

A more fundamental change would be to restructure the Air Force to emphasize battlefield missions, replacing long-range multipurpose aircraft with new planes designed for close support and local air superiority. This would save more than $10 billion over the next six years and generate annual savings of $3 billion to $4 billion thereafter.

Alternatively, the savings from deemphasizing deep penetration missions could simply be cut from the defense budget, rather than reinvested in improved battlefield support capability. Coupled with a reduction in the aircraft carriers now deployed in the European theater, and with a reduction in Marine Corps air strength, the reduced force levels made possible by this change would save $30 billion through 1980 and lower the annual budget by $8 billion to $9 billion in the years following. ■

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The Man Who Nailed Gordon Liddy

by Arthur Levine

"I am not a crook."
—Richard M. Nixon

"I am not a whore."
—Henry Petersen

After Wilbur Mills' drunken fling near the Tidal Basin, some reporters wondered why the Honorable Representative from Arkansas wasn't arrested. A U. S. Park Police officer had graciously led him away from the scene, saying, "Come on, Congressman, you don't need that kind of publicity." Curious newsmen were told by the Assistant Park Police Chief that it was not the policy of the Park Police to arrest high officials.

It is this great tradition that has enobled the career of Henry Petersen—the man who saw that it wasn't Nixon or Haldeman or Ehrlichman or Mitchell, but Liddy, Barker, and Martinez, who were really the masterminds behind Watergate. While others involved in the Watergate cover-up have been discredited or gone to jail, Petersen has continued to serve as the head of the Justice Department's Criminal Division. Even now that he is on the verge of leaving government, he is retiring with honor rather than having his resignation requested. In fact, President Ford praised his record as one of "unique achievement."

Assistant Attorney General Petersen has been on the government payroll all his adult life, joining the Criminal Division in 1951 and becoming its head in January 1972. He was in charge of the original Watergate investigation from June 1972 until June 1973, when the Special Prosecutor's office was set up. He briefly resumed control following the Saturday Night Massacre in October 1973. He thinks he was right in his handling of the investigation, saying, ". . . if I had it to do over again, I'd probably do the same thing."

One reason Petersen has escaped scrutiny is because of the mind-numbing surfeit of Watergate stories. One sometimes suspects that if a story appeared with the headline, "NEW DOCUMENT SHOWS NIXON ORDERED WALLACE SHOOTING," half the readers in the country would yawn and simply turn the page. In the same way that the Mills incident means something more than strippers and booze, so the story of Henry Petersen is more than just an hors d'oeuvre for Watergate specialists like Walter Pincus.

The significance of the Petersen story is not that he is another one—like Nixon, William Bittman, and Kleindienst—who avoided jail at the price of a badly tarnished reputation, but that his self-esteem and the esteem of the President and Attorney General for him illustrates how much the attitude of the Park Police dominates the thinking of our public officials.

Petersen told the Senate Judiciary Committee, which was considering Earl Silbert's nomination for U.S. Attorney, "While I recognize that everybody is equal before the law, I also recognize that not everybody can be treated equally. . . there are many,

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many concessions that are made because of the office." He added, "I am conscious of the political implications of my acts and I don't operate with a blunderbuss."

Petersen's comments were not just idle philosophy. He consistently applied them in the Watergate case by making sure that the chief prosecutor, Assistant U. S. Attorney Earl Silbert, and the grand jury were steered away from illegal campaign contributions, dirty tricks, and the involvement of White House and CREEP aides.

Take John Mitchell, for example. There was a mutual respect between Mitchell and Petersen, and Petersen praised Mitchell as "a man of high integrity and a tough prosecutor—he's such a refreshing breath of air after Ramsey Clark." When Mitchell was summoned before the grand jury, Petersen tried several times to call him. Finally he passed the message through Dean, that the grand jury had "no great reason; they simply wanted to see if he [Mitchell] told the same story as [Jeb] Magruder did." (If we hadn't known that Henry Petersen was such a dedicated civil servant, we might have suspected this was a "tip" to Mitchell on how to testify.)

Here's how Mitchell recollected his grilling before the grand jury: "It was a very brief appearance. It was done almost on the basis of an apology, but the grand jury wants you up here and I don't recall the specifics of the questions. But nobody to my recollection asked me was there a discussion of electronic surveillance at the meetings of January and February [1972]. I thought they were very polite."

John Dean received similar courtesies. Although he searched Hunt's office safe after the break-in and kept the documents for a week, he was never called to testify as a witness. Before turning the documents over to the FBI, he gave some of them to Pat Gray, who later destroyed them. More importantly, Dean was allowed to sit in on interviews with White House employees, was updated continually on the progress of the investigation by Petersen, and was given raw FBI files by Pat Gray.

A good example of Petersen's consideration came when he passed on to Dean the results of Magruder's grand jury appearance. Magruder, Nixon's deputy campaign manager, testified that the $250,000 allotted to G. Gordon Liddy was for legitimate intelligence-gathering purposes. Petersen checked with Silbert after Dean's inquiry and reported that Magruder got through "by the skin of his teeth." Silbert told Petersen, "Henry, nobody believes the story about the money," and Petersen conveyed those sentiments. These and other actions later prompted a grateful Dean to say, "There is no doubt I was totally aware of what the Bureau [FBI] was doing at all times. I was totally aware of what the grand jury was doing. I knew what witnesses were going to be called. I knew what they were asked, and I had to."

Dean's access to information allowed him to perpetuate the cover-up. A few days after the break-in, Petersen met with Dean and Attorney General Richard Kleindienst at Kleindienst's

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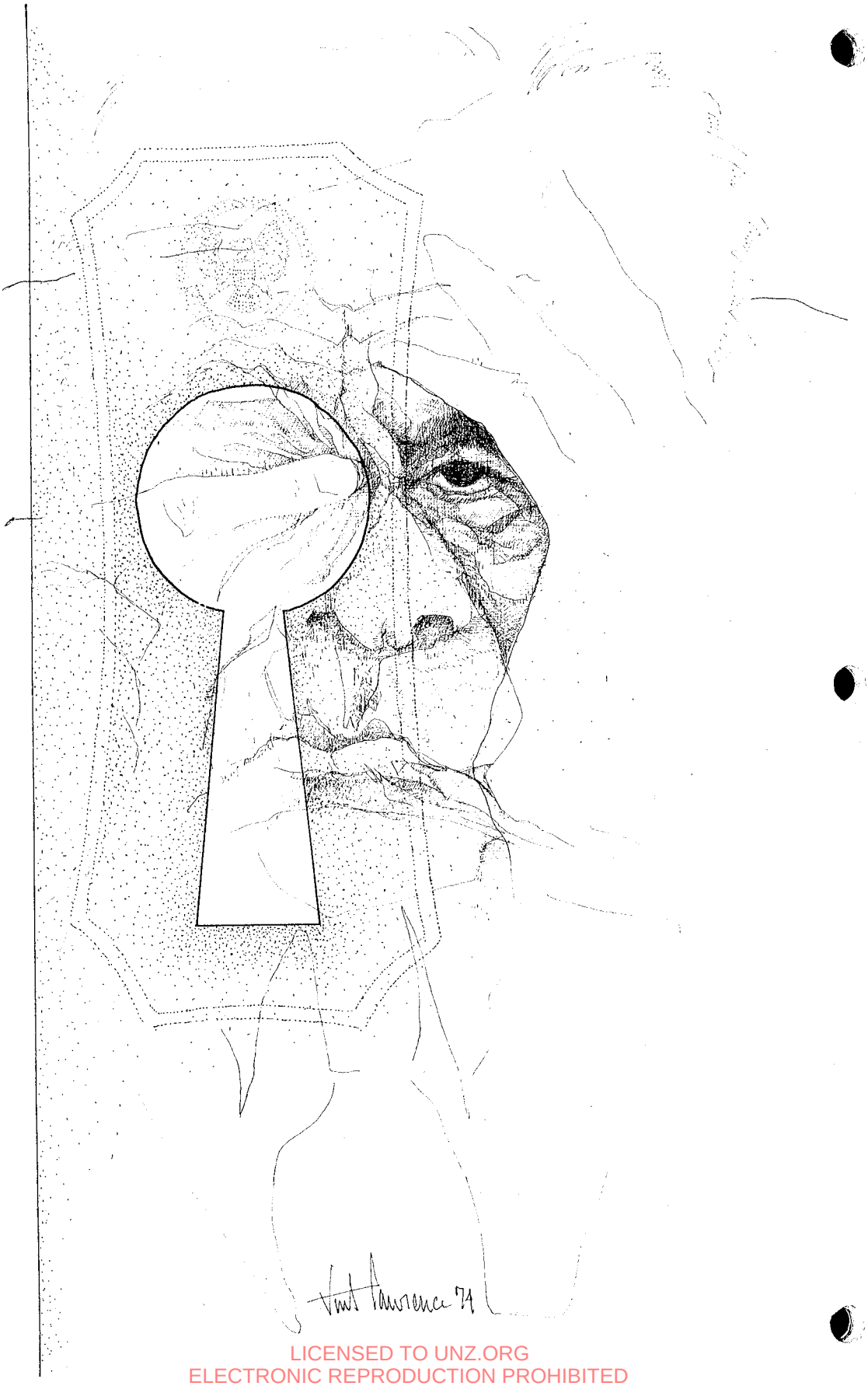

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office. Petersen had a high regard for the young White House counsel, a former associate deputy attorney general. "We had frequent dealings," Petersen later said, "relationships were good."

At one meeting, Petersen remembers telling Dean, "John, I don't know who I am talking about, but whoever is responsible for this is a damn idiot and there is only one thing that the President of the United States can do and that is to cut his losses. And the way he should do that is to instruct the Attorney General publicly to run an all-out investigation and let the devil take the hindmost. And that ought to be done immediately." Petersen remembers the conversation "very vividly," and even as a memory summoned up for congressional hearings, it has the pungent frankness that so impressed his inquisitors. He must have said it. Yet, for all his clarity, he does not remember what Dean claims he told him: "I do not think the White House could withstand a wide-open investigation." He was able, though, to remember telling Dean that he would not run a "fishing expedition" into the White House activities, but that there would be "a thorough investigation of that burglary." It is important to remember that Petersen always defined "Watergate" as only the burglary at the Democratic National Committee.

The probe of the burglary was thorough because that's all that they investigated. They were helped by the arrests of five of the burglars on the site, so they could devote their full resources to getting the higher-ups, Hunt and Liddy. Richard Kleindienst promised the American public in August that the Justice Department would undertake "the most extensive, thorough, and comprehensive investigation since the assassination of President Kennedy." Unfortunately, he was right.

Just Some Facts, Ma'am

Petersen worked in several ways to guarantee that Silbert wasn't detoured from the break-in. For example, an early FBI interview established Donald Segretti's ties to Hunt, but they were apparently unrelated to the Watergate burglary. And although there were indications of Segretti's dirty tricks activities, Petersen steered Silbert away from them. The reason, Petersen contended, was "that you ought to use your power sparingly."

Another reason was that he got a telephone hands-off request from John Dean in late August 1972, prior to Segretti's grand jury interview.

Dean told him that Segretti had been paid by Herbert Kalmbach, and hired by Dwight Chapin and Gordon Strachan. "I said that these facts, if revealed, would obviously be quite embarrassing and could cause political problems during the waning weeks of the election. Mr. Petersen said that he understood the problem and would determine what he could do," Dean later testified.

Petersen, again, doesn't remember it like that. As he exclaimed to the Ervin committee, "I don't remember it in those terms." Again, before the Senate Judiciary Committee: "Well, my memory is extraordinarily incomplete." He thinks he told Dean, "John, all we are interested in is Segretti's ties to Hunt." In any case, regardless of a hazy memory, Petersen does remember that he told Silbert that "we could not justify going into the political relations based on the lead we had." As he recounted his actions to the President, "I told Silbert, now, damn it, Silbert, keep your eye on the mark. We are investigating Watergate; we are not investigating the whole damn realm of politics, and I don't want you questioning him about the President's lawyer." Silbert obeyed.

When George McGovern attacked the Justice Department in September for conducting a whitewash, Petersen, the nonpartisan professional, responded: "In no instance has there been any limitation of any kind by anyone on the conduct of the investigation.

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Indeed the investigation by both the FBI and the grand jury has been among the most exhaustive and far-reaching in my 25 years in the Department of Justice." Citing statistics with the assurance of an American general toting up kill ratios, Petersen went on to say, "The FBI investigation was carried out by 333 agents operating from 51 field offices in the United States and in four foreign capitals. They developed 1,897 leads, they conducted 1,551 interviews, and expended a total of 14,098 man-hours. The grand jury held sessions for 125 hours over a period of 35 days. These jurors were scrupulously conscientious and thorough in their examination of some 50 witnesses. All aspects of the alleged break-in and bugging were studied in detail, including questions about the source and distribution of any funds related to the incident, and the jurors were vigorous in their own questioning of witnesses."

During a Senate Judiciary Committee hearing, Petersen was asked to compare the claim that there were no "limitations" with his orders to Silbert. He responded, "It was a limitation on Silbert. It wasn't a limitation on the Watergate investigation because Segretti wasn't involved."

'Petersen on a Short Leash'

Dean had such success with Petersen that in a little-noticed portion of the March 21 tape he recommended Petersen to Nixon as "the only man I know. . . that really could tell us how this could be put together so that it did the maximum to carve it away with a minimum of damage to individuals involved. He kept me informed. . . . He told me when we had problems. . . he did make sure that the investigation was narrowed down to the very, very fine criminal thing which was a break for us."

By the latter half of April, Dean was on his way out, but his advice was not forgotten. Nixon had put Petersen in charge of the Watergate investigation and was boasting to Haldeman and Ehrlichman, "I've got Petersen on a short leash."

The extent of Petersen's obedience is indicated in several comments excerpted from the edited transcripts. "I've said to [U. S. Attorney Harold] Titus, 'We have to draw the line. We have no mandate to investigate the President. We investigate Watergate.' " It is this kind of unwitting punch line that echoes through the corridors of history. He also gushed, "Mr. President, if I thought you were trying to protect somebody, I would have walked out."

On one busy day, April 16, 1973, Petersen outlined what the grand jury had learned about Haldeman and Ehrlichman, and the President and Petersen agreed that Haldeman, Ehrlichman, and Dean should resign. That evening Nixon called Petersen again: "Let me say first, I just want to know if there are any developments I should know about and, second, that of course, as you know, anything you tell me, as I think I told you earlier, will not be passed on."

"I understand, Mr. President," Petersen replied.

"Because I know the rules of the grand jury," Nixon continued. Petersen then proceeded to spill the details

Answers to last month's puzzle:

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of grand jury testimony Fred La Rue gave that was damaging to John Mitchell, as well as reporting how Dean further implicated Ehrlichman and others. Naturally, Nixon passed on this information the next day in a strategy session with Haldeman.

Kid Gloves for Maurice

Petersen claims he didn't compromise himself in his dealings with the President. Still, he frankly confided in the President the suspicions he was arousing by meeting so regularly with Nixon. On April 27 Petersen said, "We had a kind of crisis of confidence night before last. . . and it in effect concerned me—whether or not they were at ease with my reporting to you, and I pointed out to them that I had very specific instructions, discussed that with them before on that subject. . . . As a consequence, I kind of laid into [Harold] Titus yesterday and it cleared the air a little bit, but there is a very suspicious atmosphere. They are concerned and scared."

The disagreements between the U. S. Attorney's office and Petersen came rather late in the game. Earlier, they cooperated totally with his efforts to protect the VIPs.

In seeking to question Maurice Stans and other high-level officials, including Egil Krogh, Charles Colson, and David Young, the prosecutors allowed them the luxury of not being quizzed by the grand jury. By July, the prosecutors had informally questioned Stans about the purpose of the campaign funds.

As a result of the questioning of Stans, John Ehrlichman gave Petersen a blistering phone call, demanding that the prosecutors stop "harassing" Stans. The prosecutors wanted to subpoena Stans to get his story under oath. Ehrlichman, though, complained about the unfair publicity that would be generated by the appearance of White House staff members and ex-Cabinet officers before a grand jury.

In a later conversation with Kleindienst, Petersen labeled Ehrlichman's call as "indiscreet." Nonetheless, a meeting between Petersen, Kleindienst, and Silbert was set up shortly after the subpoena was issued. They agreed to let the VIPs testify outside the presence of the grand jurors, some of whom might even ask questions, as they did in the Segretti appearance.

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For Details

Climbing the Ladder

What had been kept from the grand jury before the September indictments remains one of Petersen's greatest triumphs.

Shortly after the indictments were handed down, *The Washington Post* ran stories about a secret espionage fund controlled by John Mitchell, Maurice Stans, and Jeb Stuart Magruder. All this information was gathered before the indictments, and much of it was available to the Watergate prosecutors.

In *All the President's Men*, Carl Bernstein and Bob Woodward, the *Post* reporters who broke the stories, comment, "How could the indictment be so limited if the government had the same information as the *Post*? . . . Wasn't there a considerable body of evidence indicating that others had knowledge of the bugging operation and that the fund was central to the involvement of others?"

There was indeed evidence implicating people above Liddy, but the prosecutors did their best to stay away from it. A good way to avoid discovering higher-ups is to not

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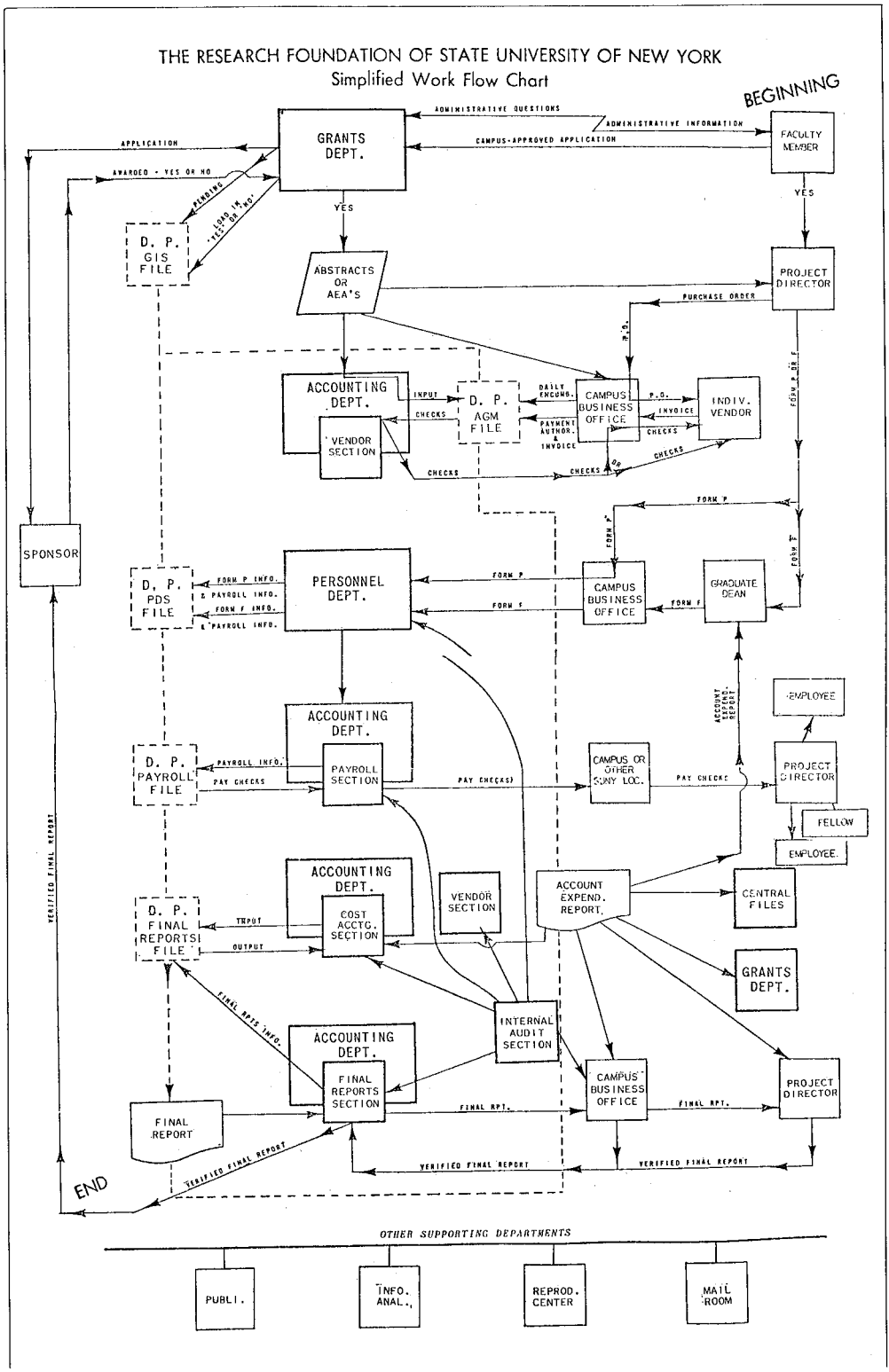
Memo of the Month



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investigate campaign finance irregularities, and that's what these hard-boiled investigators did. To begin with, allegations of financial improprieties were referred to a Justice Department fraud unit, which never acted on them. FBI agents wanted to follow up on their own campaign finance inquiries, but after Pat Gray and FBI officials consulted with Petersen, he vetoed the idea. Petersen later told Wright Patman, chairman of the House Banking and Currency Committee, that the laundered funds in burglar Bernard Barker's account didn't violate any laws. When the prosecutors learned that the $114,000 deposited in Bernard Barker's account came from the Nixon campaign committee, they never seriously challenged Maurice Stans' explanation that he didn't know how the money ended up there. There was little inclination to pursue the story further.

The prosecutors, for example, failed to include in their indictment any mention of the sources of the funds in Barker's account. As a result, testimony by Hugh Sloan, Jr. linking Mitchell and Stans to the authorization of payments to Liddy was never followed up. Mitchell and Stans were not called as witnesses at the trial.

The prosecutors never bothered to check to whom Alfred Baldwin delivered a wiretap log at the Committee to Re-elect the President. Similarly, the indictment included no counts for "disclosure" of the illegally wiretapped conversations—counts which would have required inquiries about the recipients of the wiretap reports. The prosecutors failed to interview Magruder's administrative assistant, Robert Reisner, who could have been questioned about Magruder's concocted story. In testimony this summer before the Senate Judiciary Committee, Petersen called the error an "embarrassing oversight." The prosecutors also never tried to secure a search warrant for McCord's business or home, where bugging equipment and other evidence could have been obtained. By not searching McCord's home, the prosecutors missed discovering electronic equipment, $18,000 in $100 bills, carbon copies of wiretap logs, a letter from Mitchell to McCord, and notes mentioning Mitchell, Dean, and Magruder's meetings regarding the Watergate burglary.

Donald Who?

Petersen and the prosecutors also knew about Kalmbach, Chapin, and Segretti.

Here was the President's personal lawyer handing out $40,000 to Segretti at the request of Dwight Chapin, the President's appointments secretary, yet the prosecutors didn't think it was worth following up. During Segretti's appearance before the grand jury, Silbert asked a few perfunctory, narrow questions, but an obstinate grand juror, not as compliant as the so-called investigators, asked Segretti who hired and paid him. The names of Kalmbach and Chapin were disclosed. A reasonable prosecutor might explore these items of information a bit further. But not these seekers after truth. Segretti didn't do anything illegal, they say; and besides, Segretti wasn't involved in Watergate.

While not pursuing these obvious leads, Petersen was making sure no one else did. Petersen added his non-partisan, non-political prestige to White House lobbying efforts in the fall of 1972 aimed at blocking hearings by the House Banking and Currency Committee. Petersen wrote a letter to Chairman Wright Patman saying that the Justice Department "is seriously concerned that public hearings on matters related to the Watergate case at this time may not only jeopardize the prosecution of the case but also seriously jeopardize the rights of the defendants. It is distinctly possible that matters which adversely reflect on the defendants, and which would not be admissible at the criminal trial will become known

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to the public and to potential jurors as a result of the proposed congressional investigation."

Petersen makes no apologies about anything he's done—not the Patman letter, the Watergate investigation, the trial, or, most significantly, his cooperation with Richard Nixon.

By April 1973, when Magruder and Dean were singing to the Watergate prosecutors, the President turned to Petersen. Petersen insists, "As President, as the chief executive officer, Nixon was entitled to know about the investigation." In serving as a conduit for secret grand jury testimony to a potential target of that grand jury (Nixon), Petersen manages to believe that he maneuvered his way through an ethical "minefield" and came out intact. Like a proud warrior who hasn't lost *his* moral compass, Petersen says, "There is no way to protect yourself except instinct, character, some luck—and maybe some bureaucratic experience."

Still, by mid-April, after the Watergate prosecutors briefed Petersen and Kleindienst on the testimony of Magruder and Dean—which implicated Haldeman, Mitchell, Ehrlichman, Mardian, and others—there were enough revelations about the President and his men to make even a Ron Ziegler wary of cooperating with Nixon.

Helping a Friend

The public had already learned about CREEP cash ties to the burglars, Mitchell's control of a secret campaign cash fund, White House-directed spying and espionage, hush money payments, Kalmbach and Chapin's ties to Segretti, and McCord's letter to Judge Sirica. Coupled with inside knowledge of the allegations of Magruder and Dean, Petersen would reasonably have been guarded in his conversations with Nixon. Instead, he was virtually a fountain of useful information.

Watergate wasn't the first time that Petersen had helped the President. Petersen had earlier shown his loyalty by protecting the San Diego U. S. Attorney, Harry Steward, who had protected Nixon's friend, C. Arnholt Smith, from prosecution.

Petersen twice helped Steward keep his job in the face of allegations that in 1970 Steward blocked a federal investigation into unlawful political contributions by influential Republi-

The Great

If Henry Petersen is the clear winner of the prize for emerging unscathed from Watergate, his runner-up is harder to select. Some would choose Judge Charles Richey, who kept the Democratic National Committee suit from producing any anti-CREEP evidence before the election. Or Judge W. Matthew Byrne, who was conducting his park-bench flirtation with John Ehrlichman and the FBI directorship while presiding over the Ellsberg trial.

Other contenders include attorney William O. Bittman, a man who saw nothing wrong in collecting his fees from a telephone booth or in suppressing his knowledge that Hunt and the White House were involved in blackmail, and Gordon Alch, who was advising James McCord to blame it all on the CIA and putting him in touch—through Bittman—with White House bagmen, while, at the same time, Alch's law partner was seeking Administration help in gaining access to some gold on a federal reservation in New Mexico.

But our favorite candidate as runner-up to Petersen is his former boss, Richard Kleindienst. There was, to be sure, considerable editorial comment to the effect that Kleindienst's one-month suspended sentence, accompanied by Judge George Hart's praise of him as a man of the "highest integrity," seemed a

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Escape

trifle lenient. But not one of these editorials focused on the real point: At noon on June 17, *1972*, Kleindienst had reason to believe that John Mitchell, CREEP, and the White House were involved in the Watergate break-in. According to Kleindienst's own testimony more than a year later before the Senate Select Committee, Gordon Liddy approached him on the Burning Tree golf course and said, "Mitchell has sent us out here to talk to you and he wants those five people who were arrested last night released from jail. . . . Some of the people arrested might have some connection with the White House or the Committee to Re-elect." Kleindienst got his moral jollies from refusing Liddy's request to free the prisoners. As a citizen, let alone as an Attorney General with a responsibility to enforce all federal criminal laws, he had an obligation to report Liddy's statements to the appropriate authorities, in this case his subordinates. He never told anyone of these statements until well after Watergate had broken wide open. The crime he committed is called "misprision of a felony" and is itself a felony. Kleindienst was never indicted or tried for the crime. He, like every other person mentioned above, is a member of the bar and continues to practice law in the United States of America.

cans, including Smith. Some of these details came out during Kleindienst's 1972 nomination hearings.

With the benefit of hindsight, it is worth examining Petersen's approach to the Watergate prosecution to determine whether he was being stupid, corrupt, inefficient, or just doing a great job. Author George Higgins wrote, "Nobody in the world could question Henry Petersen's integrity. And nobody with any sense has. It's his intelligence that's been questioned, and that not justifiably, though certainly understandably. Henry Petersen, to widespread astonishment, turned out to have not been savvy."

The problem here is that in the *Atlantic* articles—the first of which was superb—Higgins was sympathetic to Silbert and Petersen because he, too, was a federal prosecutor. Moreover, his kind words for them appear to be a journalist's payment of a debt to his sources. And in evaluating Petersen, or the dutiful improprieties of a Pat Gray, Higgins and others are assuming an intelligence level somewhere below that of a cretin. Petersen had enough experience with corruption investigations to know that passing on secret information and blocking whole avenues of inquiry were improper, if not illegal, acts. Yet we insist on believing that men who burn up sensitive documents or keep prosecutors away from presidential associates are simply not as bright as the rest of us. The truth is that they are fully aware of the implications of their actions.

Battling the Mob

Petersen began his rise in the Justice Department in the Organized Crime and Racketeering section during the reign of Bobby Kennedy. He has played a role in the prosecutions of judges and congressmen, mobsters and fugitives, gamblers and thieves. The misdeeds of others, outside the Department, are worthy targets of the Criminal Division. Even public officials are not protected from Justice Department scrutiny. But when the suspects are an Attorney General, or a President, or a U. S. Attorney in San Diego who protects the President, the crusading zeal is tempered, a new gentility flourishes. These men are, after all, one's own associates or superiors, so they are protected out of a distorted sense of fear or loyalty.

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We would prefer to believe, though, that Henry Petersen merely made errors. Writers like Higgins strike a responsive chord when they attack self-righteous inquisitors like Sam Dash and protect Henry Petersen, a man who has spent 30 years in government service, who fought criminals for Bobby Kennedy, who looks incorruptible. Men like Petersen are easy to trust, because they really believe the lies they tell themselves. A good example is the warm response to his performance at a key point in the Watergate hearings. Remember the summer of 1973:

Petersen was outraged. Here he was, the Assistant Attorney General in charge of the Justice Department's Criminal Division, and these grandstanding senators were treating him like some two-bit mobster—in front of a national TV audience, no less. It was August 1973 and Ervin and Dash were grilling him about his conduct of the Watergate investigation, patiently taking him over the same old ground, asking picky little questions about witnesses that weren't called and leads he ignored and conversations he couldn't recall. Even his integrity was being questioned. When they asked him about the Special Prosecutor, he told them exactly how he felt.

"I resent the appointment of a Special Prosecutor. Damn it, I think it is a reflection on me and the Department of Justice. We would have broken that case wide open, and we would have done it in the most difficult circumstances. That case was snatched out from under us when we had it 90-percent complete. I am not minimizing what you have done or the press or anyone else, but the Department of Justice had that case going and it was snatched away from us, and I don't think it is fair to criticize us because at that point we didn't have the evidence to go forward." The senators were stunned, almost apologetic, and they realized that no one attacks Henry Petersen's honor and gets away with it.

After all, Petersen didn't act like a man with something to hide. He wasn't like those other witnesses, with their platoons of lawyers and their evasive answers and shifty eyes. No, any TV viewer could tell right away that Henry Petersen was a good guy, a real man with real emotions, tough, blunt, candid, a Gary Cooper among the Easterners. Petersen was a tall man, craggy-faced, with rough-cut hair, the hint of a cowlick, and big meaty hands he used to pound the table for emphasis. He slouched forward occasionally, answering questions in that direct, frank manner we found so refreshing. He used words like "damn" and "guts," sounding like a hard-nosed prosecutor who liked to nail hoods and put them in the slammer. The senators were suitably impressed.

Senator Ervin: "You are a very forthright individual." Senator Talmadge: "I have been tremendously impressed with your forthrightness and your candor as a witness."

Henry Petersen had pulled it off. His honor was intact. ■

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Racetracks, Banks, and Liquor Stores

by Thomas B. Edsall

Earlier this year, at the trial which led to the conviction of Dale Anderson, the Baltimore county executive, on charges of bribery, extortion and tax evasion, one of the prosecuting witnesses, consulting engineer Lester Matz, described political payoffs in Maryland as "initiation dues to join the club." He said that "the kickback money was for sustaining membership in. . . the soft criminal syndicate." The logical inference to draw from this and other corruption cases, according to most liberal reformers, is that eliminating those who give or accept bribes—the kind of bribes that can be proved in court—will cleanse the system and ensure open, impartial government.

The inadequacy of this vision lies in its failure to recognize what has become perhaps the primary function of state and city government: the granting of franchises which provide exclusive economic benefits to a limited segment of the business community—and for these franchises bribes are exchanged every day, not in a crude Agnew-Anderson money-under-the-table manner, but in a way that even the cleverest prosecutor would have tremendous difficulty proving. These franchises extend beyond the licensing of such enterprises as bars, race tracks, nursing homes, and state banks, to the awarding of consultant contracts and the creation of entirely new forms of business to provide services mandated by legislation. The state's exercise of what might be called economic eminent domain results in a political subculture in which an interlocking network of individuals and corporations are joined in a system whose techniques are different from the old system's but in which the essence of political power is the same—the ability to confer economic benefits on selected recipients.

To focus again on Maryland—where corruption has received unusual attention because of the Agnew-Anderson case, but whose basic patterns are similar to those of most other state governments—during the gubernatorial administration of Agnew's successor, Marvin Mandel, the following apparently unrelated incidents occurred: a company, whose officers were members of a Baltimore law firm, purchased a 165-acre tract of waterfront property on the state's Eastern Shore; the legislature passed a bill extending the racing season and permitting racing dates assigned to a minor track to be transferred to a major track; the organizers of a proposed bank in Frederick, Maryland, obtained pre-

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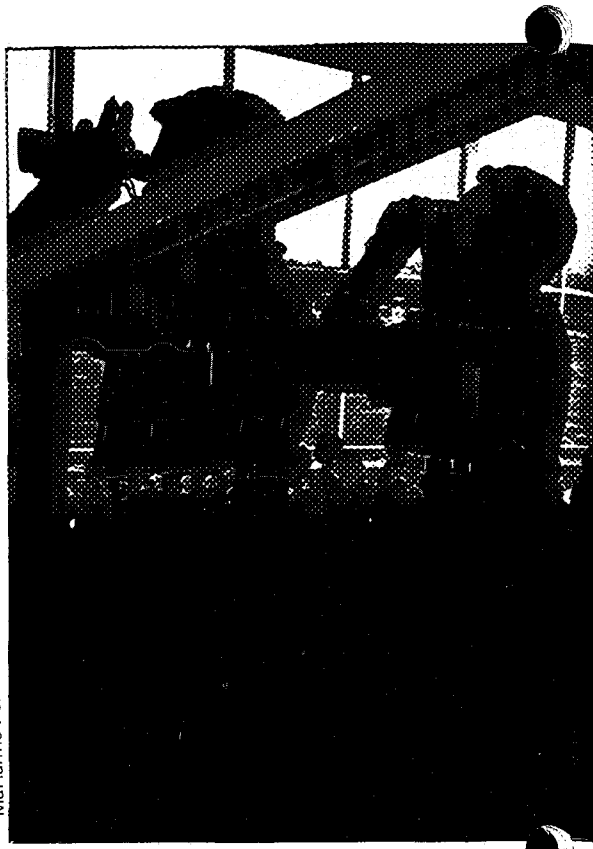
liminary state approval for a charter; the state Department of Education was consolidated and transferred to a new building near Baltimore-Washington International Airport; the state Department of Transportation reversed a history of favoritism to one engineering firm and transferred consulting contracts on a major bridge project to a variety of other firms. All apparently the legitimate uses of state power—with the exception of the Eastern Shore land deal, a private transaction, these events are part of a complex mosaic in which state government directs financial benefit to a select group.

My Son, the Lawyer

The details of these stories are extremely confusing—and that is part of their significance, for it means that any pattern of connection will be exposed only after the most deliberate efforts, and even then may never be revealed unless someone decides to talk. The connecting strands are these: the organizer of the Frederick bank was an oil dealer named Irving Weil. When he started preparing the deal, he went to Gary Mandel, Governor Mandel's son, for legal advice. Gary Mandel, in turn, referred Weil to a lawyer specializing in state bank charters, Ernest N. Cory, Jr. In the process, two of Gary Mandel's law partners (formerly partners of the Governor) were offered stock options in the bank.

The banking law specialist, Cory, and his law firm had contributed to Marvin Mandel's gubernatorial campaigns—$2,000 in 1970 and $2,500 in 1974. In addition to his legal responsibilities in the bank charter work, Cory helped gather stock subscribers. Among those he successfully solicited were W. Dale Hess, former majority whip of the House of Delegates, and Harry W. Rodgers, III, a major Mandel fund-raiser. Both Hess and Rodgers were stockholders in still another business entity, the Tidewater Insurance Agency.



Marianne Pernold

Hess and Rodgers turned up again in the Eastern Shore land transactions. The lawyers whose names appeared on the records of the sale were in fact representatives of Hess, Rodgers, and three other people: Governor Mandel, Thomas Hunter Lowe, then Speaker of the House, and Nathan L. Cohen, vice president of Pimlico Race Course. The two public officials involved had made out handsomely in the deal. Governor Mandel had been given without charge a 15-per-cent interest in the land; Lowe—also without charge—had been granted an option of receiving either a "finder's fee" for locating the property for a percentage of the corporation. The joint appearance of Mandel and the Pimlico official was interesting because of another complicated transaction. Shortly before the land sale went through, the Governor had unsuccessfully attempted to force through the legislature a major expansion of the racing season, which would have closed down one of the three major

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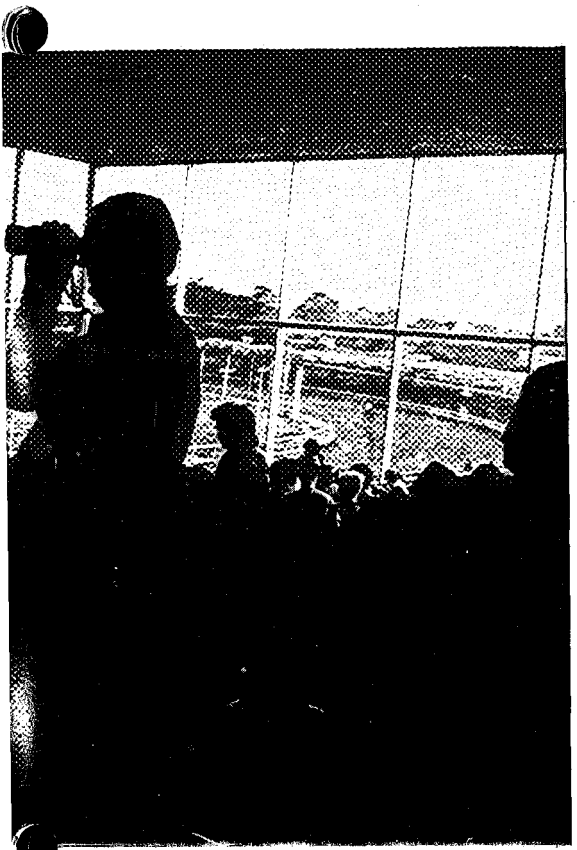

tracks in the state and granted year-round racing to the other two, Pimlico and Laurel. The owners of the third track, Marlboro, would have been given a share of the others' profits. One of the owners of the Marlboro track was Ernest Cory—the banking law specialist and Mandel contributor. In 1974, the legislature finally approved legislation effecting the racing-season change.

There is a final strand to this web, which involves the Tidewater Insurance Company and its two stockholders, Rodgers and Hess. When the state began distributing its design contracts more broadly instead of bestowing most of them on a single engineering company, the J. E. Greiner Co., a previously small firm, Zollman Engineering, suddenly had $3 million more in contracts than before. Zollman, it turns out, had been recently purchased by Tidewater Insurance Company. Similarly, the state's decision to transfer the Department of Education from offices scattered throughout downtown Baltimore to the consolidated suburban site near the airport filled eight out of nine floors of the International Towers Building—a newly constructed office building owned in part by Harry Rodgers.

Sharing the Wealth

These incidents are difficult to explain concisely, which reflects the elaborate complexity of their interconnections. But after studying the cast of characters, it is difficult to avoid the conclusion that influence had been traded for financial gain. When the state legislature investigated the Frederick bank deal, it found no concrete evidence of criminal acts; the financial arrangements seemed to simply evolve out of the relationships between the principals.

But what the Republican sponsors of the investigation failed to perceive was that the old-style, overt, and naive bribery they were looking for was no longer the characteristic mode of exchanging political favors. The real battles in state government these days (as they have been for many years) are not over ideology but rather over the right to supervise the flow of state franchises; the major change from the old days is in the way politicians are rewarded. The overt Anderson-Agnew style of bribery has been replaced by the sophisticated, undetectable variety.

In this context, the primary consequence of the transition from the Republican gubernatorial administration of Spiro T. Agnew to Mandel's Democratic administration was a shift in the recipients of the state-awarded franchise. After Mandel took over, the Greiner and the Matz, Childs and Associates engineering firms began to be eclipsed by Zollman Engineering, and the Democratic advertising firm, the Rosenbush Agency, replaced the Agnew-favored Robert Goodman Agency on the state tourism promotion contract. The same pattern followed in the selection of law firms,

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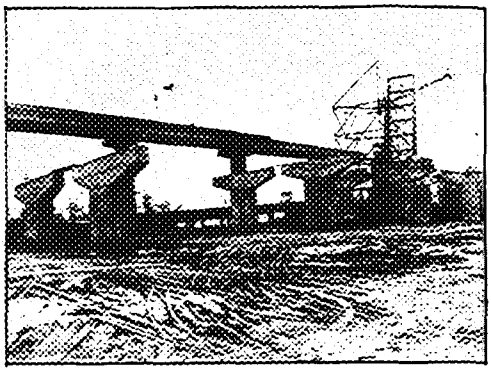
developers, insurance companies, race tracks, and memberships on the boards of regulatory agencies.

Although neither Maryland nor any other state has yet formalized this franchise arrangement by following William Buckley's suggestion—that the franchises and public charters simply be put up for auction (that is, instead



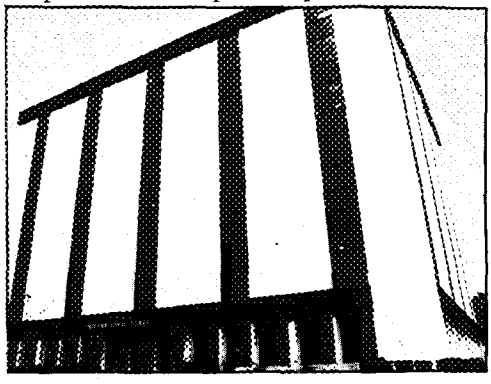
I am a camera

of awarding race-track dates or design contracts on supposedly impartial criteria, the officials could open up bidding to all the potential competitors, with the proceeds going into the public treasury instead of to the politicians). Nonetheless, the quiet operations of the franchise system now amounts to a sub rosa version of the same thing. The major difference is that the auction is not formally announced, and the beneficiaries are not the states but their elected officials.

Even in its most direct form—conferring a state-controlled business on a recipient, as in the race track case—the system of franchise bribery can be very complicated and subtle. But it can become one degree more delicate and undetectable when the benefits are conferred indirectly. The Tidewater Insurance Agency, for example, does far less business directly with the state than it does with companies doing business with the state. When Mandel replaced Agnew as governor, the Wright Contracting Company, a firm holding state contracts, switched its performance-bond insurance business from Clarke Langrell, an insurance broker and associate of Agnew, to Tidewater Insurance Agency. Almost simultaneously, the Pimlico Race Track took its advertising business away from the Goodman Agency, which had handled Agnew's campaign, and moved to the Rosenbush Agency, which had handled Mandel's. Control of state government, in effect, determined the award of contracts entirely within the private sector. (The Russians paid tribute to this sort of controlled free enterprise when they gave exclusive selling rights to Pepsi Cola, a client of former President Richard Nixon, after Nixon assumed office.) Insurance is one of the most attractive forms of business to political backers because it offers the opportunity for profit without the necessity of dealing directly with government. The main medium of exchange, insurance coverage for businesses and unions which deal with the government, never appears in any records and consequently is unavailable for critics and the press.

Hedging Your Bets

The franchise authority, which can provide so bountiful a reward for supporters, can be used with equal impact as a weapon to punish or force



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the reluctant back into line. As the states have become increasingly involved in a broad range of regulatory activity, this power becomes even more subtle: in Maryland, once again, an insurance agent, who requested anonymity, last year received ten tickets in the mail to Governor Mandel's $100-a-plate fund-raiser. The

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agent's business is directly licensed and regulated by the state Insurance Division; the tickets came from an official of the Public Service Commission. Irritated, the agent returned the tickets with the comment that he was not active in politics. An old friend on the Public Service Commission warned him, "You'd better take the tickets anyway." The agent decided to make some quick calculations. He realized that one of his major clients was a taxicab fleet, and taxis are regulated by the Public Service Commission. The year before, the state had passed a new insurance law requiring that as of January 1 all automobile insurance had to include $2,500 in economic loss provisions. This regulation created no problem for ordinary drivers, who simply received larger bills from their insurance companies, but taxi drivers found that their insurers were reluctant to provide them coverage, because the companies had no experience with the provision and were

moves toward the bottom, the ability to control events decreases and dependency on the decisions of others increases. For example, except in rare cases, the heads of large, federally chartered banks rarely take an active role in the state political process; they don't need to because their power to control events often exceeds that of the elected officials. The number of persons from state savings and loan companies, however, is disproportionately high at varying levels of the pyramid, depending on the potential the savings and loan has for profiting from a given election. Forming a consistent base to the pyramid are the holders of liquor licenses, who are subject to the whims of legislators, politically appointed liquor boards and liquor inspectors, and the police.

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power centers in an administration. The role of fund-raisers is not to contribute money but to ask others to do so; they solicit, for example, a contractor who buys some tickets and in turn passes more tickets on to his subcontractors, who buy more and pass them on to their management-level employees. The net result is that a publicly filed campaign contribution list presents a sanitized version of the fund-raising process and if it mentions people like Hess and Rodgers at all, does so in the most cursory way.

The tendency of reformers to focus on the single issue of bribery and campaign-financed corruption, and their failure to perceive the function of state government as a vehicle for profit, is reflected in the most common good-government reaction to state and local scandals. In Maryland, the reformers started with the principle that architects and engineers had been shown to be corrupters of government; therefore, the legislature passed a bill tightening up procedures for awarding consultant contracts. This is all right as far as it goes, but since the consultants are just one of many professions and businesses which can profit from the state's discretionary powers, the effect has been minimal.

It is even an illusion to believe that "tightening up" or "cleaning up" contract procedures will make much difference. Possibly the most successful contractor in Maryland, Victor Frenkil, head of Baltimore Contractors, won the majority of his work through the proper, clean-government technique of competitive bidding. The difficulty with the competitive bidding procedure is that it protects only the award of the initial contract, and is easily circumvented in the later award of cost overruns and extra expenses.

Another reason why the reform response has been inadequate is that, while the reformers have tried to control the architects' and engineers' contracts, the economic focal point of state government has shifted toward land development. With the passage of legislation and administrative regulations concerning sewage, water, and air pollution, the city government—which has traditionally been the pressure point for zoning decisions and other land-development questions—has taken second place to the state. The state government has an increasingly large discretionary role in determining such critical development cost factors as the location and the date of funding for certain sewage treatment facilities, the imposition of temporary bans on construction, and the construction of roads which open up new areas for development. Because of these powers, land developers have joined the architects and the insurance men in the campaign pyramids of gubernatorial candidates. As more and more states pass land-use legislation, this discretionary power will only grow.

The Best Money Can Buy

In Maryland, reformers have used the legacy of scandal as an argument for reform of the state's regulatory structure: token public representation on some of the boards overseeing such professions as accountancy, cosmetology, barbering, home improvement contracting, real estate, and plumbing. But these slight adjustments in the boards' composition do not alter their effect—which is to sanction anti-competitive arrangements in the businesses and professions which asked to be regulated in the first place. If there ever was any pretense that the purpose of these state commissions was to protect the general welfare, the pretense has by now been abandoned. The provisions and procedures for licensing, training, apprenticeships, and discipline exist not for the benefit of you or me or the businessman who thinks he has a more efficient way of providing home improvements, but for the protection of those *already* in business; this protection is an integral part of the body of law which has been built up around each of these

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agencies.

Reformers have argued that public representation on the commissions can work a basic change in their function. For this hope to be realized, there must be some sort of generalized public interest in what the commission does. The reality is that most of the professions the state regulates—small loan companies, chiropractors, physical therapists, funeral homes, etc.—are the leftovers from the federal regulatory terrain and are either so arcane or so thoroughly lacking in glamour as to dampen public interest. The Common Cause activist who invests an enormous amount of time and energy in understanding the state election code will rarely feel compelled to make the same effort at unravelling the intricacies of embalming regulations.

In many ways the state elections are now the closest equivalent to Buckley's free-enterprise auctioning system. During the campaign, those economic interests which have been shut out by an administration may contribute to and promote the opposition in hopes of becoming the new recipients of state franchise benefits. Viewed this way, elections are an integral part of the economic process and offer at least the possibility of injecting new options into the marketplace.

Of course, the election of a new state government is never the total, free-enterprise, complete-turnover affair we might imagine it to be. When one administration replaces another, there is never a wholesale replacement of recipients of state largess. Instead, those interests with particularly close ties to the new administration assume new positions at the top of the pyramid, while the old administration's retainers are squashed downwards. They still get the contracts, but the contracts are smaller. As a totally logical response, many beneficiaries of the state's franchising power—consultants, building lessors, contractors, developers, race-track and funeral-home owners, etc.—try to protect their position through bipartisan contributions.

For all the virtues of the campaign system as an arena for free competition, and for all the ingenuity of the means the architects and engineers have designed to ensure their survival, the suspicion remains that there must be a better way to go about our states' business. At the federal level, more and more serious doubts have been raised about the wisdom of extensive regulation. At the state level, the question is no longer in doubt: the vast majority of state regulatory efforts serve only to create a center of economic power, a center which businesses have no real alternative but to try to influence. While continuing the sensible work necessary to end the bribes and the dirty campaign money, we should also pay attention to dismantling the state franchise network. Better to suffer the perils of an unlicensed liquor store than to live with the corruption the licenses have produced. ■

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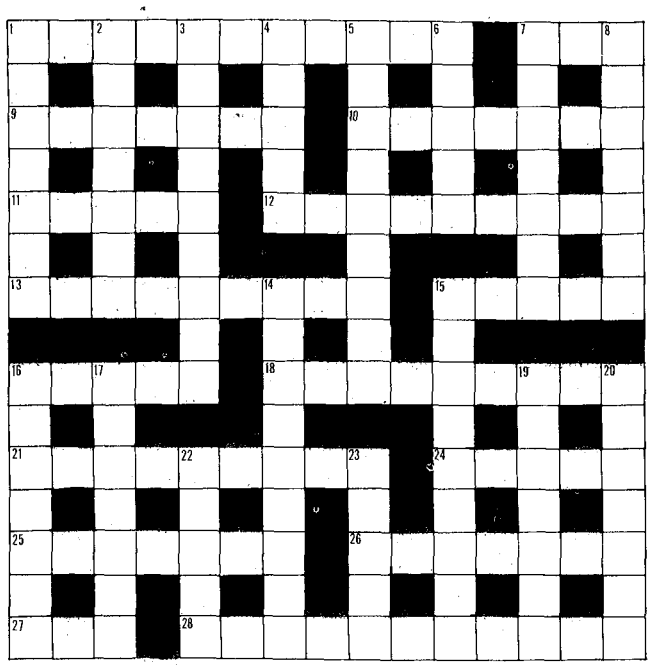
the political puzzle

by John Barclay



Across

1. Cupboard mail much sought after in Washington? (7,4)
7. The first of the Mormons. (3)
9. Pitcher serves up home run in fortress. (7)
10. Ruling party puts war prisoner in mixed up Ireland. (2,5)
11. Go after each short Southerner. (5)
12. It makes nice ending to rob sky, too. (9)
13. Shoes stay put as cinch targets. (4,5)
15. "_____ and Ale" Maugham. (5)
16. When she comes before the *Post*, gentlemen obey. (5)
18. Way to determine trend. Easy! (3,3,3)
21. Cheops—the repository of desires. (4,5)
24. Muslim priests come in to proclaim Amsterdam faith. (5)
25. Apprehend lone rat. (5,2)
26. Turn down on the way down? (7)
27. At first nobody is hungry for Bethesda establishment. (3)
28. One hundred mixed-up Negro Nazi elite? We have 435. (11)

Down

1. You probably have an ice cult on your hands. (7)
2. These can contain government draftsmen and drawers. (7)
3. You can find Elizabeth in a fresh sweater. (3,6)
4. Nixon refers to these as his first and second. (5)
5. That looks dangerously slim on you. (9)
6. Oh for pity's sake, drunk again! (5)
7. Judge finds precedent in oak bowl. (3,4)
8. Erases the labor actions? (7)
14. Night out paid for by Mayor Daley? (2,3,4)
15. He persuades you to dupe Lombardi's team. (9)
16. Leech on the level. (7)
17. We accuse one devil per person. (7)
19. The football field, they call it "Dumas Park." (7)
20. Direction to the nearest point. (7)
22. Doubter sells Cincinnati short and regroups. (5)
23. Royal family captured in stud organization. (5)

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word. Answers to last month's puzzle are on page 42.

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Wheelchairs, Casework, and Bi-Lingual Education

by James Fallows

For the last few months I have lived in Austin, where my wife has started graduate work at the University of Texas. I left Washington less because of any specific desire to get away than because of the equal-time provisions of modern marriage; but when we started looking for a university with a good linguistics department, I was glad to find that one happened to be in a state capital. The one thing resembling Faith that Washington had given me was this: that the chasm which separates the real-life problems of the world from the little rituals that public officials carry out each day could not possibly be as immense at the state level as it is at the federal. I based this not, Lord knows, on any knowledge of the state governments, but on what I had seen of federal-land, plus a large measure of hope. Whereever one turned in Washington, the story seemed to be the same: on one hand, growing, ferocious problems demanding resolution, hungry people abroad and needy people at home, bad medical care and unnecessary highways and superabundant bombs. On the other side were the legislators whose days seemed to disappear into meetings with Girl Scouts (James Boyd's article, " 'Legislate, Who Me?' What Happens to a Senator's Day," which appeared in the first issue of this magazine, makes this point with hilarious if sobering accuracy), administrators who set off each morning to face the perils of staff meetings, and critical mentions in the press (the article on page 28 about the Social Security Administration depicts this world with an unwitting savagery worthy of Swift)—in sum, a gigantic edifice called Government that seemed to feed upon itself for inspiration and activity instead of reaching outside. In a state capital, I thought, one might not explore new horizons in national defense policy, but at least one might make a few modest incursions into life's real worries. At its worst, the flatulence

James Fallows is an editor of The Washington Monthly.

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level would be lower than it was in Washington—or so I used to think.

I have spent some of my time in Austin working for Lloyd Doggett, a young state senator who first won his seat in a special election in August, 1973, when he was 26 years old, and who was elected to a full four-year term last month.

Doggett, who represents Austin, is bright, well-spoken, and one of the two or three most liberal members of the State Senate. He had been student body president during his years at the University of Texas, and he won his first race largely with the help of the UT student bloc. In a Senate whose members include "Mad Dog" Mengden (whose colleagues yelp and bay when he takes the floor), Mrs. Betty Andujar (a lady from Fort Worth working to repeal the Equal Rights Amendment), and other conservatives of fearsome conviction and spite, he will not soon be a power. Yet, to Doggett's neighbors in Austin, where he has lived all his life, he is a future leader of great promise, and to me he seemed the best imaginable sponsor for a brief introduction to state government.

The disappointing truth was not long in coming. An ideal state government may exist somewhere, but Texas is not the place. No one will deny that Texas has political idiosyncrasies which distinguish it from the rest of the country, yet the hamstringing features of its government seem to arise from conditions more typical of the nation than peculiar to the state.

There is, to begin with, the matter of constituent "casework," a term I had heard in Washington, even used myself, without ever comprehending the human realities it involved. One of the most admirable features of state government is that, through the casework, it enforces an exposure to the real-life problems so easily avoided elsewhere. At least two thirds of the function of a state legislative office, as far as I can see, is to serve as a central collection depot for complaints of every sort about the way life is going. Congressional staffs do the same thing, but in most cases they have the advantage of physical insulation from their clients; they usually deal with a piece of paper, or at worst a long-distance call, rather than a flesh-and-blood constituent waving his latest utility bill in their faces. The proximity is exaggerated in Doggett's office, where none of the constituents is more than a short drive or a local phone call away.

I can't say that it has not been an education to listen to these hard-luck stories. One morning I spent nearly an hour on the phone with a middle-aged woman who would not tell her whole story at once, but rambled on and on while dropping little bombshells at ten-minute intervals: ". . . of course, after they removed my stomach at the VA hospital. . . doctor says I'll never be able to eat right again, least not after that time they cut the nerve . . . what with my arthritis acting up, I can't get out of the house. . . after the accident with my son, the burial expenses just about ate up what I had left. . . ." The favor she was asking seemed pathetically small. For evident reasons, she felt entitled to an increase in her Social Security disability payments, but a backlog in the caseworker's schedule meant that it would be five months before they could act on her claim.

It was with this case that I began to perceive the truly disheartening aspect of constituent service. I called the Social Security office and found out that the backlog did exist. There were cases just as urgent piled up ahead of this one, and there was nothing she could do but wait. Short of congressional action to increase the staff, there was no apparent solution. I called the woman back, apologetic for my failure, and found to my surprise that she was nearly overcome with gratitude—simply because I had spent some time on her case. This and similar episodes have helped me understand the real tragedy of constituent service.

Not everyone who calls the legis-

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lator's office is looking for results. Occasionally they are; at this very moment, for example, the commissioners of Burnet County, are aggrieved because the state has declined to purchase a large parcel of ranch land and turn it into "Mormon Mills State Park"—and because Doggett could not reverse the decision. It is fortunate such high expectations are rare, because in only a handful of cases can the legislator or his staff actually remedy the complaint. Most of the correctable cases involve routine administrative errors: One woman called after she received a county tax bill which, due to a computer error, was 12 times larger than last year's. This I was able to correct. But in the hundreds of other instances in which no relief is at hand, the evil genius of modern government makes itself clear. Even at the state level, government is so arranged that the only place people can call for help is the legislator's office. At the same time the arrangement ensures that the legislator's staff can do nothing about the complaints it receives. I felt as if I was performing a valuable therapeutic function—but nothing more—when commiserating with a constituent. In short order I became an expert at the "where-will-it-all-end?" style of conversation about such perils as The High Cost of Government, The Threat from Organized Labor, and The Terrible Slaughter of Those Baby Calves Out Near Waco. Once I had conveyed the impression that Senator Doggett and I, his devoted minion, had done everything we could—short of producing results—to alleviate their problems, most constituents went away happy. Through trial and error I even decided upon the best parting touch: "If there's anything else I can do for you, please don't hesitate to call."

In the course of making casework phone calls to different state agencies, I glimpsed a few aspects of state government they don't teach you in the new-federalism seminars. In Washington, there is a school of thought founded on the premise that the federal bureaucracy is padded; the articles on pages 19 and 28 of this issue explain some of the reasons for this concern. But the idea still runs counter to the energies and instincts of the federal city, where the newspapers report the daily doings of the government, and the limousines and crowded schedules create an aura of urgency and importance. At the state level, however, no one bothers to disguise the ancient principle that a public job equals an easy life. Around the grounds of the state capitol building sits a legion of men in cowboy hats and faded khaki jackets. Their function is to make sure that no one but a legislator parks in a legislators' spot, which requires them to get up from their seats on the lawn several times each day. This reminder of the "public job" is the first thing state employees see when they arrive at work each morning.

If the states are more honest in avoiding the pretense that every public servant is making great sacrifices for the public weal, the candor has its drawbacks in the grumbling resentment one encounters when trying to get something done. In September, for example, I made phone calls nearly every other day to

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one man rather high up in the state's budgetary office. I needed answers to two questions and each time I got a sleepy reassurance that things were moving right along. By mid-November the answers had not appeared, and I doubt they ever will. In fairness, I should point out that the legislators' offices are generally more a-bustle than the administrators', and that one agency, the Legislative Council (which drafts legislation), works as hard as a group of Nader's Raiders.

So far this picture is incomplete because it omits legislation. From what I have seen of preparations for the 1975 session, my hopes are not high. In making their preparations, the legislators have seemed to split into two groups, depending on the kind of bills they will support. The majority, made up of the Republicans and the big-money Democrats, controls the state finances and dispenses the kind of "franchising" favors Thomas Edsall discusses in his article on page 49 of this issue. The remainder, excluded from this group by background or taste, is left to propose its "progressive" legislation. Some of this, of course, is potentially significant. To give two examples, Doggett and others like him will push bills next year to control the strip-mine operators who have been casting covetous eyes at the state's lignite and uranium deposits, and to regulate the state's utility companies. At the moment the telephone and electric systems in Texas suffer less public control than they do anywhere else in the country, and the monthly bills show it.

If it is hard to avoid a sense of *déjà vu* when creating a new regulatory commission (Doggett and his allies seem to feel a little like the drafters of the Interstate Commerce Commission, aware of how quickly their work may be perverted), it is even harder to imagine that the bills that finally pass will not have large holes knocked in them by the special interests. As a result of the frustrating politics of the Texas legislature, the occasional people who seek office because they actually want to do something, rather than merely distribute favors, soon find themselves confined to passing legislation of the "United Way" variety, or what liberals refer to in their speeches as "human needs" legislation. This involves such corrective measures as better child care laws, expanding bi-lingual education, and protecting the rights of the handicapped. The first two laws I encountered in Doggett's office were a proposal to grant free park admission to the elderly, and one to provide all "mobility-impaired" drivers with special license plates which would entitle them to special parking places near the entrances of buildings.

It is no meaningless thing to pass bills like these; one of the most important on Doggett's agenda, and one which has a good chance of passing, will ensure that people in wheelchairs are able to get in and out of public buildings. But it is another sign of the barrier between intention and execution in modern government that legislators like Doggett are able to do no more than this. Within the federal government, people feel powerless, the issues are too abstract and the institutions too far removed from the problems they are supposed to address. Down at the roots, where the problems are closer at hand, everyone spends his time either passing out bank franchises or doing what he can in small humanitarian ways. The problems—in Texas, some of the worst poverty in the nation, nestled amid the bejeweled wealth of Dallas and Houston—limp along and the idealistic trim their expectations. There is so much casework to do each day, so many visiting delegations to welcome, that there is neither time nor incentive to think about the basic priorities. It is the genius of modern government to so fragment authority and so isolate the real centers of power that those who *can* do rarely see what they should be doing, and people at every level nurse the comforting hope that somewhere else proper attention is being paid. ■

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political book notes

Public affairs books to be published in December.

Administrative Law: The Formal Process. Peter Woll. Univ. of California, $11.75.

The Buses Roll. Robert Coles. Norton, $8.95/$4.95. Sandwiched between some fine photographs of black and white school children is a Robert Coles essay which fails in its attempt to explain why school integration worked in Berkeley, California, and didn't work elsewhere.

The Cold War Begins. Lynn Etheridge Davis. Princeton, $15.

A Discourse on Statesmanship. Paul Eidelberg. Univ. of Illinois, $16.

Food, Shelter, and the American Dream. Stanley Aronowitz. Seabury, $7.95/$2.

Freedom Under Siege: The Impact of Organized Religion on Your Liberty and Your Pocketbook. Madalyn Murray O'Hair. J. P. Tarcher, $7.95. The author continues her crusade against organized religion. Much of the time she's right, but her lack of sympathetic understanding of the problems and needs of churches and church-going people is simply staggering.

Politics and Higher Education. John D. Millett. Univ. of Alabama, $6/$2.95. The author laboriously outlines the funding problems of Ohio's state colleges, based on his 19 years of experience in the educational system. A narrow topic is made more parochial by Millett's staunch refusal to provide even a hint of human interest: "I have not wanted to indulge in any criticisms of persons or in any recriminations about motivations." He does, however, find time to stress that "mutual respect and dependence between politics and higher education" is important for the future of education, the "last great hope of Western civilization." It's must reading for anyone interested in the 1953 enrollment figures at Bowling Green.

The Politics of Rights: Lawyers, Public Policy, and Political Change. Stuart A. Scheingold. Yale, $10. A persuasive analysis of what lawyers can and can't do about our social and political problems. The author has the good sense to realize that "if you want fundamental change, legal tactics are much

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Power in the City: Decisionmaking in San Francisco. Frederick M. Wirt. Univ. of California, $12.50. This academic study of municipal decisionmaking is intelligent and well-written but short on novel themes (power is fragmented, political parties weak, and the city strongly affected by decisions made elsewhere). Scatttered throughout are fascinating nuggets about municipal power, all too often left without further development: "The 21,000 city employees possess the resource of number, for use. . . in election of officials. Knowing what may happen in subsequent elections, few supervisors dare to oppose pay increases . . . no matter how much these would increase the financial burden."

The Psychoanalysis of War. Franco Fornari. Anchor, $2.95.

Royal United Services Institute and Brassey's Defence Yearbook. Praeger, $20.

School Inequality and the Welfare State. John D. Owen. Johns Hopkins, $10. With a plodding determination, the author advances the argument that it's in our penny-pinching self-interest to have equal schooling for all. He calls for a Poverty-Reducing Education Program (PREP) that would ultimately be less costly than expensive welfare state programs. But he sidesteps the considerable body of evidence showing how useless schools are. He ends with a stirring cry for more federal spending. In comparison, Hubert Humphrey sounds like an original thinker.

Urban Mass Transportation: A Dozen Years of Federal Policy. George M. Smerk. Indiana Univ., $14.95.

U. S. Nuclear Weapons in Europe: Issues and Alternatives. Jeffrey Record with Thomas I. Anderson. Brookings, $2.50. The authors leave little doubt that, of the 7,000 tactical nuclear weapons we have deployed around Europe, any rational deterrent purpose would be served by 1,000 at most, which incidentally would save us $321 million a year in personnel costs alone. They also point out that the word "tactical"–which might suggest to you or me the ability to knock out a pesky batallion or two–covers weapons that are capable of killing millions. The whole things is such an outrage that one wishes the authors would occasionally depart from the usual Brookings tone of relentless moderation and say so.

U. S. Tactical Air Power: Missions, Forces, and Costs. William D. White. Brookings, $2.50. An adapted excerpt appears in this issue of *The Washington Monthly*.

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